

A USEFUL LOOK AHEAD FROM WASHINGTON

AUGUST 1973

Nation's Business



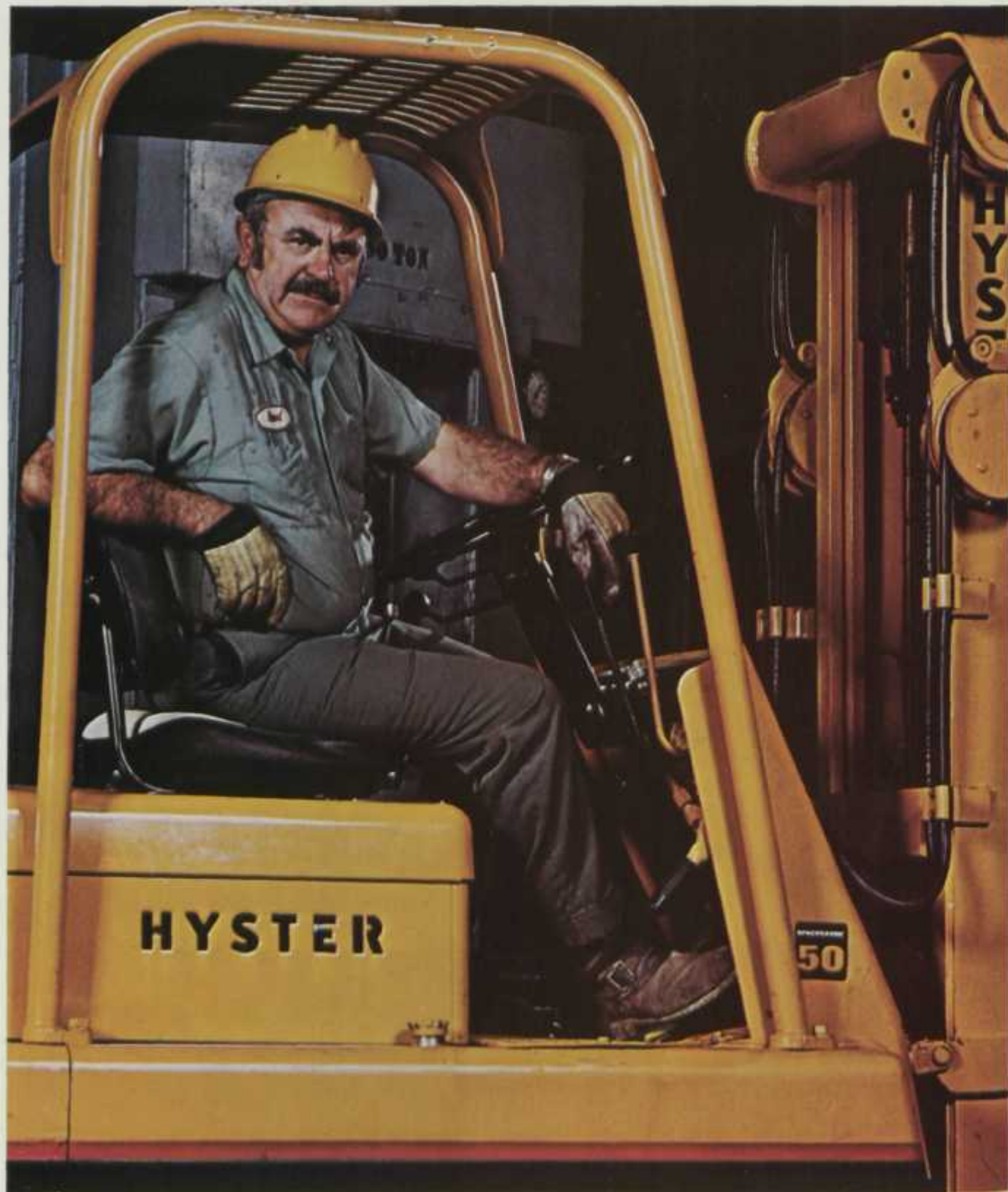
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Cover photo: Fred J. Maroon

Nation's Business is published monthly at 1615 H Street N.W., Washington, D.C. 20006. Subscription rates: United States and possessions \$29.75 for three years; Canadian \$12 a year. Printed in U.S.A. Second class postage paid at Washington, D.C., and at additional mailing offices. © 1973 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street N.W., Washington, D.C. 20006.

Editorial Headquarters—1615 H Street N.W., Washington, D.C. 20006. **Circulation Headquarters**—1615 H Street N.W., Washington, D.C. 20006. **Advertising Headquarters**—711 Third Avenue, New York, N.Y. 10017. **Atlanta**: James M. Yandle, 62 Perimeter Center East; **Chicago**: Herbert F. Ohmeis Jr., 233 North Michigan Ave.; **Cleveland**: Gerald A. Warren, 1046 Hanna Building; **Detroit**: Robert H. Gotshall, 825 Fisher Building; **New York**: Raymond P. Murray, 711 Third Avenue; **Philadelphia**: Herman C. Sturm, 1034 Suburban Station Building; **San Francisco**: Robert Zurich, Zurich & Follansbee, 465 California Street; **Los Angeles**: Jack Follansbee, Zurich & Follansbee, 711 South Vermont Avenue.

VOLUME 61
NUMBER 8
AUGUST 1973

PUBLISHED IN WASHINGTON, D.C., BY THE CHAMBER OF COMMERCE OF THE
UNITED STATES, THE NATIONAL FEDERATION OF ORGANIZATIONS REPRESENTING
MORE THAN FIVE MILLION BUSINESS AND PROFESSIONAL PEOPLE AND COMPANIES.



PHOTO: DENNIS BRACK

Have

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Memo From the Editor

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20006

You may want to pull the center section out of this issue and keep it for the day when you come to Washington or have to do business with somebody in the government here.

We're proud of our "The Executive's Guide to Washington." We have never seen before an attempt to provide a directory to Big Government here, specifically designed for the businessman.

There are, of course, many things not included. We're not attempting to provide a guide for tourists or pleasure trips. Ours is designed for you when you have business here.

Incidentally, if you want more information about a specific agency or subject, drop us a line, or give us a call when you arrive. In addition to our own experience here, we can use the vast governmental knowledge of our publisher, the Chamber of Commerce of the United States.

The Guide was the brainchild of Eugene Gabler, our advertising research director. We all worked on it.

One governmental activity that affects you right where you live is the massive welfare program. Everybody admits it's a mess but proposals for straightening it out vary all over the lot.

Congress rightly rejected the Administration's proposal for a guaranteed annual income but hasn't come up with a workable solution either.

An important development has taken place, however. Robert B. Carleson, former director of the California Department of Social Welfare, has been appointed as head of the federal program.

His appointment is unusually important because he had a record in California of heading a reform movement

that cut costs drastically while actually providing more aid for those genuinely in need.

Nation's Business editors talked with Mr. Carleson to get his views on how the federal program might also be reformed.

You'll be interested in his views beginning on page 17.

We think you'll also be fascinated by the article, "How Business Shelters Witnesses From the Mob."

For several years now, companies throughout the country have been cooperating with the Justice Department and the National Chamber to hide witnesses who are willing to testify against organized crime.

Leaders of organized crime cannot be convicted unless the Justice Department has live witnesses at the time of trial.

Our story, by Associate Editor Grover Heiman, tells how the Witness Security Program works. Until now, the role of the business community in this program has largely been secret, except to the businessmen taking part. In the article, names and places have been disguised to continue to protect the program and the participants from the mob.

We are able to tell this story because it was felt that it might encourage more of you to participate.

As in so many other instances, business is not getting the credit it should for this important contribution to the welfare of the country.

Of course, there is a great deal more to be learned about how the criminal element might affect you.

To provide you with additional important information, the Chamber has published a "Deskbook on Organized Crime," Publication No. 1824, at \$2 a copy.

Well worth it.

Jack Woodbridge

Thoughts on size from a small-town company.

We're the business insurance company that grew up in the vigorous climate of Wisconsin's northwoods country. Now we stand a billion dollars tall.

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we have the resources to serve the largest companies in American industry.

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Letters

Food Supply and Demand

• It appears from your article on Secretary Butz ["Earl Butz: Plowing New Furrows for U.S. Agriculture," June] that he is practicing the same doublethink and doubletalk that characterize other members, past and present, of the Nixon Administration.

He proceeds to laud our fantastic exports of food and then blames everything and everybody for the rise in prices except those really at fault.

First, reduce the exports, then let the simple economic rule of supply and demand reduce the prices. This procedure would probably be quicker and more effective than any price ceiling or freeze.

You cannot have it both ways—either continue to export and face the consequences of increased food prices, or do not blame the price increases on unions, shippers and anyone else handy.

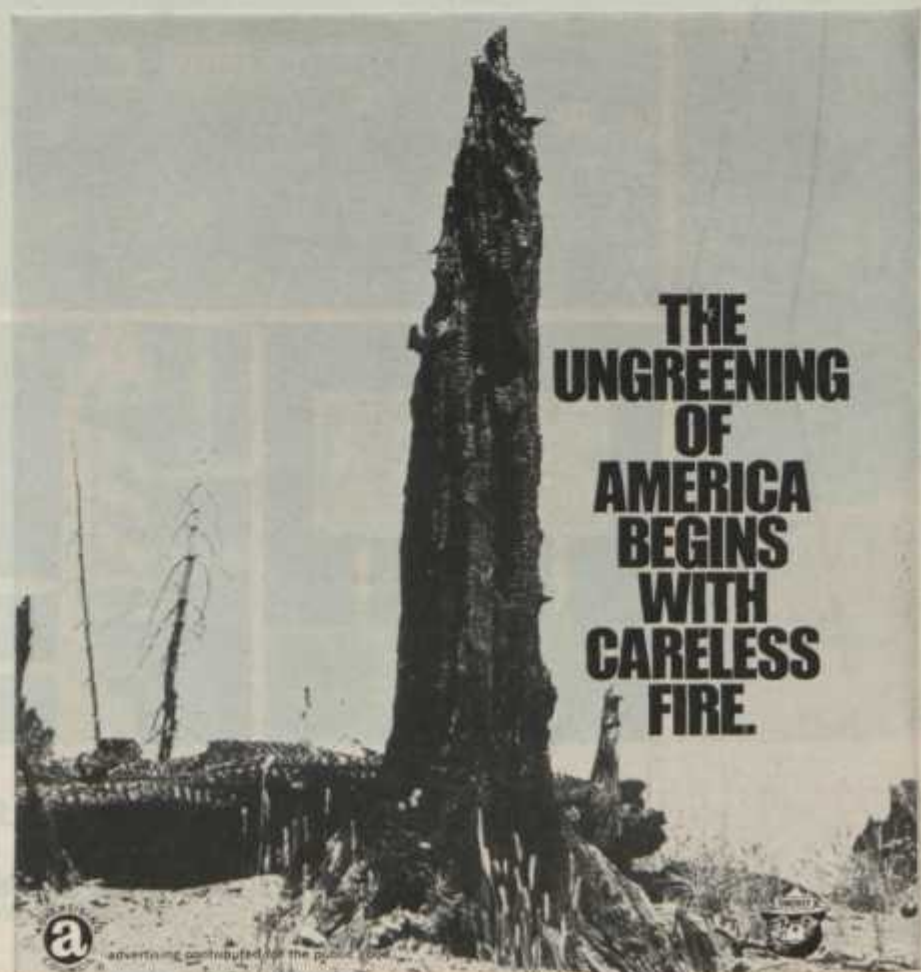
Isn't it time for some clear thinking men, unencumbered by rigid ideology or special interest ties, to take charge and get some results?

KEITH J. JOHNSTONE
Assistant Office Manager
Frank Iz and Sons, Va. Corp.
Charlottesville, Va.

[Editor's Note: Since the article on Mr. Butz appeared, the Administration has acted to curb some agricultural exports.]

• Mr. Butz' sick humor concerning Mr. Chavez and this country's farm workers, as reported by you, bespeaks—in my opinion—of bigotry and ignorance. Or, perhaps, I am wrong in presuming that the Secretary's job description calls for something other than that of being a lackey for the Farm Bureau lobby.

NATION'S BUSINESS would be well advised to address itself to the demise of free enterprise in the Ameri-



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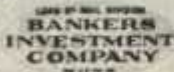
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Letters *continued*

can tradition, and to the elimination of the squandering of billions of our tax dollars on corporate welfare in the farming industry.

H.A. NICHOLAS BRIEGER
Montclair, N.J.

Of values and honesty

• Re your editorial, "Keep It Clean" [June].

I am sick and tired of hearing people say that Watergate is only an example of what goes on in politics all the time, and that we should forget it. Have the American people lost all their sense of values and honesty?

JIM M. PERRY
Executive Vice President
Washley County Chamber of Commerce
Dresden, Tenn.

An indomitable will

• Your article on "The Gutsiest Americans" [June]—handicapped people who have built successful careers for themselves—is testimony to the indomitable human spirit.

It's unfortunate that you apparently did not know of Raymond C. Cheever, editor and publisher of *Accent on Living*. If you had, he surely would have been included in your article.

His magazine performs an invaluable service for its readership of the handicapped and is widely regarded as the best publication in its field. This highly successful publication was founded by Ray while he was in the early stages of a long and still progressing convalescence from bul-

bar polio. When stricken by this illness, he was not expected to live. When he proved that prediction wrong, he was told he would never walk again, a prediction that failed to take into account his determination and courage. Although he still uses a wheelchair, he now spends much time out of it.

Few people have contributed more to serving America's handicapped than Ray Cheever.

DAVID J. PHILLIPS
Vice President-Public Relations
State Farm Insurance Companies
Bloomington, Ill.

• Re the quadraplegic city councilman pictured with your story, who cannot use the voting machine because the lever is too high to reach from his wheelchair:

It would seem that the logical solution for handicapped persons and the general public is to place the individual slots at the bottom of the voting machine instead of so high up.

Surely, machine modifications couldn't be that costly or difficult?

MRS. JEANE FRENCH
Ypsilanti, Mich.

Capital's constructive role

• One constructive approach to the problem of anti-business attitudes, it seems to me, is to emphasize the role of capital. The term "business" has its own connotations. There are all sorts of business firms. At any time, one or more are likely to be in the news for something bad. The plague

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Sharp CS-126. Super-smart, super portable desk-top unit. Full-functioning large 12 digit capacity. Easy-to-read zero suppression numeral display. Performs chain and mixed calculations. True credit balance system. Constant. Floating decimal. Rounding off/down. Overflow error check. Automatic clearing.



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You need fabric tomorrow. And money to pay for it.

You also need 10,000 snaps. And 80,000 buttons. And money to pay for them.

But wouldn't you know it. Your cash is tied up in next season's fabric.

Time to call Talcott.

We're set up for seasonal buying. We can get you cash fast, maybe within 24 hours. We can even pay you cash for up to 90% of your receivables. And once the merchandise has been shipped, we'll even do the collecting.

There are many ways we can help.

The key thing is to get you cash fast. So when a hot order for tangerine blouses comes through the door, you can make a profit.

Instead of losing your shirt.



Still time to call Talcott.

of association can be a needless obstacle.

Capital, however, can be seen as an aid to man. The good things about it and what it permits can properly be discussed repeatedly.

As regards taxation, the chief threats are to capital. A distinction can be made between corporations and the generalized resource, capital. The constructive aspects of capital and the destructive nature of proposals to "reform" by taxing it more heavily can be contrasted in many forums, wherever there is a proper opportunity.

Rather than a head-on confrontation with anti-business agitation—which offers limited possibilities at best—the indirect, repeated approach might help to lay some solid foundation.

C. LOWELL HARRISS
*Professor of Economics
Columbia University
New York, N.Y.*

Recycling talent

• What with all the comments concerning the effects of waste on our economy, I would like to point up a waste which is too seldom mentioned—talented people who are let go when a large corporation acquires a small one.

My contention is that the large corporations would not have acquired the small ones unless the latter had some knowledge and/or experience which the former needed to better conduct business.

If this basic premise is true, then why in the name of all that is sensible don't they avail themselves of this valuable commodity for which they have paid?

And yet executives, engineers, etc., who have at their command the ways and means to produce profitably whatever commodity they had been producing before the acquisition, are turned loose, with no place to utilize this valuable experience.

Here is a tremendous waste of manpower. Should there not be a pool where all these people could be registered and from which specific individuals could be drawn so that their talents might be applied to problems similar to ones they had overcome from time to time?

Recycle these men. Use their experience to the advantage of all of us.

DONALD M. FAY
*Donald M. Fay and Associates
Megum, Wisc.*

LIFE

Watching
a child watching life
can be an interesting
pastime. Children like
to watch things grow.

They like to watch things move.

An ant is an experience. Caterpillars are
real excitement and a firefly is out of this world.

Flowers are weeds with blossoms
that defy explanation but
must be touched or plucked to believe.

Living and growing things are
real to a child.

Dying things and death are mysteries
that almost defy explanation. The child's plea
is to "bring them back".

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is also difficult. A community must have all those things
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Pete Progress speaking for your
chamber of commerce.



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Sound Off to the Editor

The Same Time for the Whole Country?

When a businessman on the West Coast goes to work at 9 a.m., it's lunchtime for his counterpart in the East. When the Westerner returns from lunch, the Easterner is near quitting time.

People on both coasts work an eight-hour day, but there are only three hours in which they normally are on the job simultaneously.

This situation, of course, is the result of our system of time zones, under which Eastern time is three hours ahead of Pacific time.

It makes for obvious problems in communication—and in travel.

True, a jet traveler flying to the West Coast from the East can leave at 8 a.m. and—though spending five hours in the air—arrive at 10 a.m. with most of the business day still ahead. But going the other way, an 8 a.m. flight doesn't arrive until 4 p.m.

And in both cases, the change in time does damage to the "body schedule," making adjustment difficult for the traveler.

To a lesser degree, similar communication and travel problems plague people who are doing interzone business in the Central and Mountain time zones.

Is all this inconvenience necessary? No, say a growing number of people who advocate a single time zone for the nation. They argue that our basic system of four zones, established in 1883, is an obsolete throwback to the era when railroads were the nation's principal transportation link and it took days to cross the country.

Again and again, they point out, we've tinkered with our time through governmental action and today have eight zones (to include the nation's offshore possessions), split zones (within individual states) and a mixture of observance, partial observance and nonobservance of daylight saving time.

Many single-time people advocate that we move Western clocks ahead an hour and a half and push Eastern

clocks back the same, and move Mountain clocks ahead a half-hour and push Central clocks back a half-hour, creating one national time.

Those on the other side say different time zones will be necessary as long as the earth's orbit around the sun continues the same. No amount of tinkering with clocks, they say, is going to change the fact that daylight arrives in the East before it does in the West or that the sun sets in Los Angeles later than it does in New York.

Under a single national time, they say, darkness would fall in mid-afternoon in the East during winter, with all the attendant problems—such as traffic hazards for homeward-bound schoolchildren—and in summer, Westerners would be going to bed during daylight. Such disruptions of life styles, they argue, are hardly worth the added convenience of a single time zone.

What do you think? Should we have one time for the whole country?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should we have one time for the whole country?

☐ Yes ☐ No

Comments:.....

.....

.....

.....

.....

.....

Name and title.....

(PLEASE PRINT)

Company.....

City.....

Sound Off Response

Their Hours—or Ours

Schedules in most government offices should conform more with those of the people they are supposed to serve, in the view of NATION'S BUSINESS readers replying to a poll on whether such offices should be open evenings and Saturdays.

The "Sound Off to the Editor" question in the June issue produced a one-sided affirmative response, along with a variety of suggestions on how public offices could be kept open longer without added cost to the taxpayer.

The invitation to "Sound Off" noted growing criticism that most public offices are open only in daytime hours Monday through Friday, exactly when most of the people needing their services are working themselves.

It also pointed out that opponents of expanded hours argue that additional operating expenses would offset gains in convenience. But this argument carries little weight with the overwhelming majority of those replying.

E.A. Jarvis, division traffic superintendent, Southwestern Bell Telephone Co., Wichita, Kans., puts it this way:

"Government service agencies [those that serve large numbers of the general public directly] definitely need to adjust their hours for the convenience of the public. Additional cost? Doubtful—with evening and Saturday openings, they wouldn't need the present number of daytime employees. And think what their present schedule costs private enterprise due to lost time of employees waiting in line during working hours."

Government agencies, writes J. Frank Birdsall Jr., of Fairport, N.Y., president, American Hotel and Motel Association, would offer more convenient hours "if they adopted the service attitude of the competitive business world."

He notes that many businesses,

such as the one he represents, provide service 24 hours a day, seven days a week.

Dean Eugene R. Magruder of The College of General Studies, George Washington University, Washington, D.C., comments that members of the public are "customers of government services and, as such, should be provided those services at times and places convenient to the individual."

Otis C. Stamps, president, Inject-O-Meter Mfg. Co., Inc., Clovis, N. Mex., writes as a onetime federal employee: "I know from this past experience that the work load is so light that they could easily alternate employees' days off and be open Saturday at no extra cost. Evenings could be handled the same way."

Ralph Wooton, advertising manager, Standard Oil Co., Louisville, Ky., says Saturday and evening service hours could be provided without employee overtime through such steps as Monday closings and a later start in the working day.

However, Robert G. Hibbard, president, Jack Frost Co., Inc., Tacoma, Wash., opposes the idea of extra hours on the ground they would not be possible "without eventually getting into some sort of premium pay for government employees."

And Jim Crowley, president, Pioneer Foundry Co., Inc., Jackson, Mich., says those advocating more convenient hours "underestimate the bureaucrats' sheer genius for fouling things up. The offices could be open 24 hours a day, seven days a week, and all we would get would be expensive and continued poor service. . . . Let bad enough alone."

Opposing addition of hours, W.H. White, partner in the White Mercantile Co., Maben, Miss., says that government workers "need some time off for rest and recreation," and that "many people would wait till Sunday to transact business if the office was open on Sunday."

Patrick Beville, director, Veterans

Administration Regional Office, Roanoke, Va., votes for the extra hours with a qualification based on experience. He recalls that Veterans Administration offices experimented in 1966 and 1967 with evening and Saturday hours but, despite wide publicity, there was such little public response that the idea was abandoned.

"Many government employees and the government agencies as a whole do believe in service, since that is our only product," Mr. Beville says. "Government offices could be kept open in many cases with the present staff by shifting work schedules but if the response would not be any better than during the six months we tried it nationally . . . it would not be worth it."

But Glenn E. Taylor, plant manager, Diamond Shamrock Chemical Co., Delaware City, Del., cites a success story in his county's state motor vehicle office. Its hours one day a week are from noon to 8 p.m., he says, and "the crowded conditions . . . during the period from 4:30 to 8 p.m. on this day indicate the success of this expanded schedule and the possible need for considering further expansion."

Where such services are not offered, he said, "our workers must take time off without pay in order to accomplish many necessary items. Not only is this an inconvenience to the workers themselves but it also costs us as their employer several man-hours per month in lost work time."

Gene Stewart, president, Stewart Securities, St. Petersburg, Fla., argues that hours of public offices should be adjusted to the nature of the communities they serve: "In cities and suburbs, this would probably mean 9 o'clock each evening Monday through Friday and until 6 o'clock on Saturday. In some rural areas, they might close at 5 or 4 o'clock and still very adequately serve their customers."

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Executive Trends

BY JOHN COSTELLO
Associate Editor

How big is big?

Maybe smaller than we think. Size is relative, expert Neil H. Jacoby reminds us.

Take, for example, those giant U.S. corporations antitrusters love to kick around. In today's global business world, they're not such Goliaths, he points out.

"General Motors," Mr. Jacoby says, "may produce 45 per cent of the motor vehicles made in the United States, but it produces less than 25 per cent of the automobiles manufactured world-wide."

We should use a global yardstick for at least some industries, he argues in his new book: "Corporate Power and Social Responsibility," (\$10) Macmillan Publishing Co., Inc., New York, N.Y. Among them:

"Such internationally traded prod-

ucts as automobiles, steel, aluminum and electronic equipment."

International competition is one of the facts of life, now, he notes:

"Twenty years ago, American auto, steel, electrical and electronic manufacturers had the domestic market to themselves. Today the behavior of General Motors is disciplined by Volkswagen, Toyota, Datsun, Mercedes-Benz and Fiat, as well as by Ford and Chrysler.

"The prices of U.S. Steel are influenced by Mitsubishi and Thyssen as well as by Bethlehem and Youngstown. The bids of General Electric on turbines are tempered by those of English Electric and Brown-Boveri, as well as by Westinghouse."

What should we do when a company gets as big as GM or IBM?

"Public policy should enlarge the market rather than diminish the enterprise," Mr. Jacoby says.

"While Europeans have been enlarging markets and promoting mergers for competitive efficiency, American critics have been calling for the disintegration of our giant corporations for the same purpose."

It's folly, he adds, "to dismember a corporation whose large size has been gained by competitive superiority and maintained without predatory . . . behavior, such as cut-throat pricing.

"This would be to follow a policy of turning on a company when it succeeds in the competitive game."

How executives can be kept fit as a fiddle

Michigan Seamless Tube Co. has hit on a way.

It encourages regular exercise, by offering its white collar workers membership in Vic Tanny International physical fitness clubs in nearby Detroit at a low-cost, group rate.

"In addition," says Fred J. Gazaley, compensation manager, "we have an easy payment plan. The company puts up the annual membership fee. Then the employee pays it off by payroll deductions."

Nearly a third of those eligible have joined.

"Many sign up their whole family," Mr. Gazaley says.

What's the payoff for the South Lyon, Mich., metal company?

"Maybe a favorable effect on the cost of our medical insurance," Mr. Gazaley comments.

"And the feedback is enthusiastic. Like, 'It's the best dollar I've ever invested,' or 'I feel 100 per cent better since joining.'"

Saving some dough on office space

"They want \$10 a square foot!" the boss shrieked.

"That's highway robbery!"

Maybe, but it's still the going annual rental for prime office space. At least, in many cities.

Back in 1971, the average was \$7.09 in New York, the Building Owners and Managers Association International reports.

"That includes 50-year-old buildings," a BOMA spokesman says, "as well as year-old skyscrapers.

"Since then, rents have increased dramatically."

O.K., so the problem is, how can you get the most for your buck? Here are some words of wisdom from one real estate broker, William Pitt, president, William Pitt, Inc., Stamford, Conn.:

1. Watch how much you pay for core space.

A building's core includes lobbies, halls, walls and other areas you can't—or don't—use. Typically, you pay for this space anyway (the figures above, though, are for net usable space—and do not include core areas). So shun buildings with wide corridors and lots of interior partitions.

"You'll be paying for the building's inefficiencies," Mr. Pitt says.

2. Check maintenance.

You pay for that too. It's part of the package. But will you get it?

"Ask the tenants," Mr. Pitt urges. "But at least three, not just one. One

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man may have an unreasonable beef against the landlord."

3. Level with your broker about what you can afford.

Most people poor-mouth when they discuss a lease. But if you don't, the broker will save you time by showing only the quality you expect to see.

"Of course, he's paid by the building owner," Mr. Pitt admits. "But he's working for you, too."

4. Be realistic about lease terms.

If a landlord has space to burn, try to drive a hard bargain. But if space is scarce, face facts—you may have to take it on the landlord's terms.

"Supply and demand," Mr. Pitt says, "dictate to a great extent how far you can tip lease terms in your favor."

What your competitor does to outsmart you

He uses a whole armory of secret weapons.

They're called management tools. The most popular, a recent study shows, are these:

1. Electronic data processing.
2. Management information systems.
3. Management by objective.
4. Organizational development.
5. Direct costing.

Large companies rely on them more heavily than small.

Conglomerates, in particular.

"That's natural," one expert says. "Management tools, by definition, imply a certain sophistication—and centralized authority."

"Both are often true of conglomerates."

Of 147 firms surveyed, 93 per cent say they use both EDP and MIS—a system hand-tailored to provide management with needed information on a regular basis.

Management by objective—setting specific goals for the corporation or major department, and often for key executives—is used by 83 per cent of the firms.

Organizational development—a study of the corporation, especially its human resources, to pinpoint

weaknesses and correct them—is used by 78 per cent.

Direct costing—identifying the cost directly associated with a product, generally meaning its break-even cost—is employed by 62 per cent.

"That makes EDP and MIS the most popular management tools introduced during the past quarter century," the survey says.

Only a handful of chief executives, 12 per cent, weren't happy with them.

How to tell if it's white collar blues

It's a very virulent malady, some say. And no respecter, they claim, of age or corporate status.

File clerks may be a cinch to be smitten. But the executive suite isn't immune either.

Here's how to tell if you've been bitten, says Dow Chemical Co. Just ask yourself these questions:

Yes No

- — Do you ever avoid talking to your wife about your job, because you think it would bore her?
- — Is your work less interesting today than it was when you began?
- — Do you ever feel you could do your job blindfolded?
- — Does it seem that you haven't enough opportunities to make decisions?
- — Do you often dread the thought of going to the office?
- — Does it sometimes seem you're never able to talk to your boss?
- — Do you ever feel you don't know how well you're doing your job?
- — Could your position be a dead end?
- — Are you ever confused about what you should do?
- — Are you learning less and less in your job?

Answer Yes to any question, says Dow, and you should take a fresh look at what you're doing. Try to figure how your job might be improved. Then talk over your ideas with your leader.

Dow's remedy for the white collar (or blue collar) blues is "the whole job" concept.

Basically, it means giving you more responsibility to plan your own work—as well as perform it.

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It's called *Contingent Business Interruption* insurance, and our agent can explain how to use it to cover both supplier and customer shutdowns.

But what about the Business Interruption policy on your own plant?

How complete is it? If your plant was forced to shut down because of something like a power failure, would it cover you?

No.

Your Business Interruption policy alone isn't enough. But our agent can tell you how to insure against this

possibility at a cost that could be even lower than stand-by electrical equipment.

There are many other things to be aware of about Business Interruption insurance, and you can be sure our agent would be happy to point them out.

Because that's his job.

To give you the best possible coverage at the least possible cost.

A Continental agent is as close as your Yellow Pages.

He's worth a call.



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Lightening the Welfare Load

A man who pioneered in bringing efficiency to relief rolls for California is now trying to make similar magic in a post in Washington; here are some of his ideas

Share



Robert B. Carleson, the new U.S. welfare commissioner, says there are specific steps that federal, state and local governments can take to avoid a relief rolls mess.

What's an outspoken champion of local government and the work ethic doing in the top echelons of the massive federal welfare bureaucracy?

Trying to infuse it with a large measure of his own philosophy, that's what.

Robert B. Carleson, U.S. welfare commissioner and special assistant for welfare to the Secretary of Health, Education and Welfare, sums it up this way:

"We can't really expect national standards or national solutions to a problem that affects 50 different states—and the urban, suburban and rural areas within those states—each in a different way."

Mr. Carleson brought exceptional credentials when appointed to his new job recently by HEW Secretary Caspar W. Weinberger.

As director of the California Department of Social Welfare, he had supervised the drafting and implementation of a welfare reform program hailed for cutting costs while actually providing more aid to those genuinely in need.

In the first two years, the reform effort saw nearly 280,000 fewer people on relief in California, and savings of \$1 billion in state and federal welfare spending.

Key elements were a work require-

ment, intensified scrutiny to determine initial and continuing eligibility, and stiff new laws under which welfare payments to a family that has been deserted by the father constitute a civil debt he owes to county welfare agencies.

Savings realized from the reforms made possible a 27 per cent increase in the size of cash grants to those genuinely in need.

Mr. Carleson has since moved to Washington, where his new duties include close contacts with Governors and state welfare officials to help them in reform programs and get their views on how the federal government can clear the way for welfare improvements.

One thing he would like to see: More fiscal and management experts to take over direction of welfare systems from "well-intentioned people who lack training and experience in operating big fiscal management programs."

His roots in local government are deep. He served in a variety of positions in several Southern California cities, and was city manager of Pico Rivera when he left to become chief deputy director of the state public works department.

While Mr. Carleson was in that job, Gov. Ronald Reagan named him

to a task force commissioned to find ways of dealing with a welfare problem that, the Governor said, was threatening to turn into a "fiscal and human disaster."

Mr. Carleson was appointed state welfare director in 1971 with the responsibility of putting reforms into effect. As a result of his success in that assignment, he was named to his federal position.

Here he discusses his experiences in California, and his outlook on the national welfare situation, with editors of NATION'S BUSINESS:

Why did welfare grow so explosively during the 1960s? That was a time of record prosperity in this country, but the number of people on family relief went from three million in 1960 to 10 million by 1970. Why did it happen?

That's a good point. We found out in California, and I would say California was pretty typical of the big states, that the state welfare rolls had leaped from 600,000 to 2.3 million people in 10 years. All the experts were predicting this increase would continue at the rate of 25,000 to 40,000 people a month.

We wanted to know why. It didn't make sense. Welfare should reflect changes in the economy. If people go from jobs to unemployment and back

Lightening the Welfare Load *continued*

to work, there should be fluctuations in the rolls.

We finally concluded that welfare was being administered under many regulations and laws written in a way that permitted a lot of people to get payments who were really not eligible.

Frankly, a lot of this was due to the way the program was being administered, perhaps due to provisions that were put in originally to give a social worker discretion as to whether someone should be put on welfare or not. But these had become loopholes, giving access to welfare to people who were not in need.

It's been said that the California program can be adopted only by other big states, that smaller states don't have the resources or personnel. Do you agree?

No. In government, and particularly in welfare programs, few dollars are better spent than on auditing.

In welfare, the real product we are dealing with is money. If somebody not eligible gets on welfare, they might receive \$200 or \$300 every month. An investment in a little more checking on such cases pays for itself several times over.

Even those states with relatively small budgets will find that the savings can be very significant—especially if they're doing no verifying or auditing now.

Many welfare critics contend federal regulations are a roadblock to genuine reform. Is that true?

It is and it isn't. A lot of federal regulations have inhibited the states from administering a truly effective and efficient welfare system. In fact, some people think the answer to welfare problems is a complete federal take-over.

Our position was that it could be handled much better at the state and local levels. So we set about to find if, in spite of federal regulations and in spite of federal laws, we could bring welfare back under control. And I think we demonstrated it can be done.

Secretary Weinberger wants me to work with Governors and other state officials to find out which of our regulations are impeding them.

We have already proposed several

major changes and the states say that's historic.

There's been some opposition from the welfare rights organizations and from other recipient groups and people who very frankly don't want to see more verifying and auditing done.

What are some of the specific changes proposed?

HEW regulations in the past wouldn't permit you to check outside sources to verify eligibility without the recipients' specific permission in each case. Too many people were coming on welfare simply by filing a declaration saying they were eligible. Administratively, that is almost an impossible situation. The new regulation says the recipient is not to be the only source of information.

Another would change the rules that require a fair hearing on denying or reducing aid, or removing someone from welfare. We want to provide a speedy response in such

cases without letting people intentionally jam the process to delay the reduction or cutoff of aid.

That happened in California and some other states.

The changes are meant to streamline the process to protect the legal rights of the taxpayers and of the truly needy people who can't get help because the administrative process is jammed up.

We are also making provisions to recover overpayments.

If a mistake is made in your paycheck or your bank statement or anything else that gives you more money than you are actually entitled to, there is a way to get it back. There's no way to get overpayments back from a welfare recipient, even if he has assets, and could pay the money back without undue hardship.

So we are changing the regulations to permit states to recoup overpayments.

Those are just some examples of



Welfare reform begins, says Mr. Carleson, with the realization that Americans should help the truly needy but not those who choose welfare over work.

Have

the changes that should enable states to do a more effective job.

Will you also have to ask Congress to change any welfare laws?

I think by the time we make the changes in federal regulations, we will have given the states most of the tools they need to do a really effective job. But there are also some legislative changes that should be made. I have real concern about the \$30 and one-third deduction allowed under the Work Incentive Program.

Would you explain that?

The program is intended to encourage people to go to work by making employment economically more attractive than welfare.

Say a mother on welfare takes a job. To compute her actual income for purposes of the program, her monthly gross income is reduced by a flat \$30 plus one third of the balance.

Then she can deduct the cost of child care and from the balance deduct "work-related expenses," such as transportation, telephone, uniforms and many other things. On paper, all this could bring her income down below what she would get if she had stayed on welfare.

So she gets a grant to make up the difference.

Under that system, a woman with three children might stay on welfare until she reaches an income of \$10,000 or \$12,000 a year.

In fact, because of state laws and regulations on top of federal laws, we found that a mother of three in the Los Angeles area would be making around \$1,300 a month before she would have to leave welfare.

Our reform program brought that back down to around \$900 a month. We feel this is still excessive, but only a change in federal law can correct it.

An estimated three million adults, nearly all of them women, are in the Program for Aid to Families With Dependent Children. How many might be employable?

Assuming adequate child care is available, the majority of them are. However, we do have to recognize that we don't have enough child care

to be able to take care of all dependents. So when we discuss employable women, we normally think of those with children of school age, who are in school while their mothers are working and whose only child care requirements are after school and on nonschool days.

Probably more than a third of the adults in the family welfare program actually are in that category.

If you require welfare recipients to work, don't you need child care centers that sometimes can cost more than welfare payments?

Well, obviously with any kind of work requirement for mothers, particularly those with smaller children, there has to be adequate child care.

I think we all agree on that.

But there may be disagreement over what that care should consist of.

Some people believe the real purpose is not just to enable the mother to work or take job training, but a child development program, including preschool and early child education.

As far as welfare is concerned, however, I would say, and Congress has said in allocating social service money, that the purpose of child care is to permit the parent to work, to train for work or to look for work, while the child is cared for in a safe, healthy environment.

Does this have to be institutional child care?

I don't think we should limit ourselves to large, expensive care centers. Some people want to have their children in their own homes with a baby-sitter or in a neighbor's or relative's home.

I am not saying we should rule out the centers, but we should have flexibility.

Does the entire welfare program need to be restructured?

Generally we need only relatively minor changes.

The underlying structure is sound. The problems arise from all of the things that have been tacked onto it, the twists and turns it's taken. Unfortunately, we are aiding a lot of people who are capable of helping themselves. But the system of giving

aid to the aged, the blind, the disabled and children who are not able to help themselves is basically sound.

We want to be sure we have a system where somebody can't just quit work and go on welfare. There shouldn't be that choice.

We are looking in the direction of work requirements to complement what, in the past, have been work incentives.

A work requirement was an important part of the California reform program, wasn't it?

Yes, and New York has since adopted a work plan that has won approval from the U.S. Supreme Court after being challenged. Both plans require that able-bodied employable welfare recipients go to the employment services office on a regular basis, twice a month, and show evidence of seeking work.

If a job is available, they have to take it. They just can't turn it down and remain on welfare.

If no job is available, they can be required to take training for employment. If there is neither a job nor a training program, they can be required to perform public service work for the community on a part-time basis and, as a condition of getting their welfare grant, look for work when not on the public service job.

What is the role of the business community in welfare reform?

In California, we found that the state Chamber of Commerce was a tremendous help to us in communicating with the public and with the legislative membership on the need for reform. The business community created over 100 subcommittees within communities in the state to work for the program and contributed very significantly to its success.

Active cooperation of the private sector, particularly of the business community, is important.

Too often, I think, the only people who have really become knowledgeable about welfare have been people with a direct stake in it—those running the system, who make their careers in the social welfare field, or those who benefit from it.

Too often, people paying the taxes haven't gotten involved enough. END



How Business Shelters Witnesses From the Mob

They have the goods on some mighty bad guys, and they intend to tell what they know; meantime, there's the problem of staying alive and earning a livelihood—and that's where public-spirited companies come in

Early this year, a wholesaler in a Southern city signed a substantial order with a personable new salesman for a local manufacturer with whom he had done only limited business in the past.

The wholesaler was so impressed with the salesman that he seriously considered offering him a position with his own firm.

If he had tried to investigate the man's background, before making such an offer, he would have unearthed a mystery. John A. Ross, 50, could provide job references dating back only a few months. Before that: Nothing.

Ross had been his name for only those few months. Previously, he was known as James A. Quincy, a ranking figure in a crime syndicate in the Northeast.

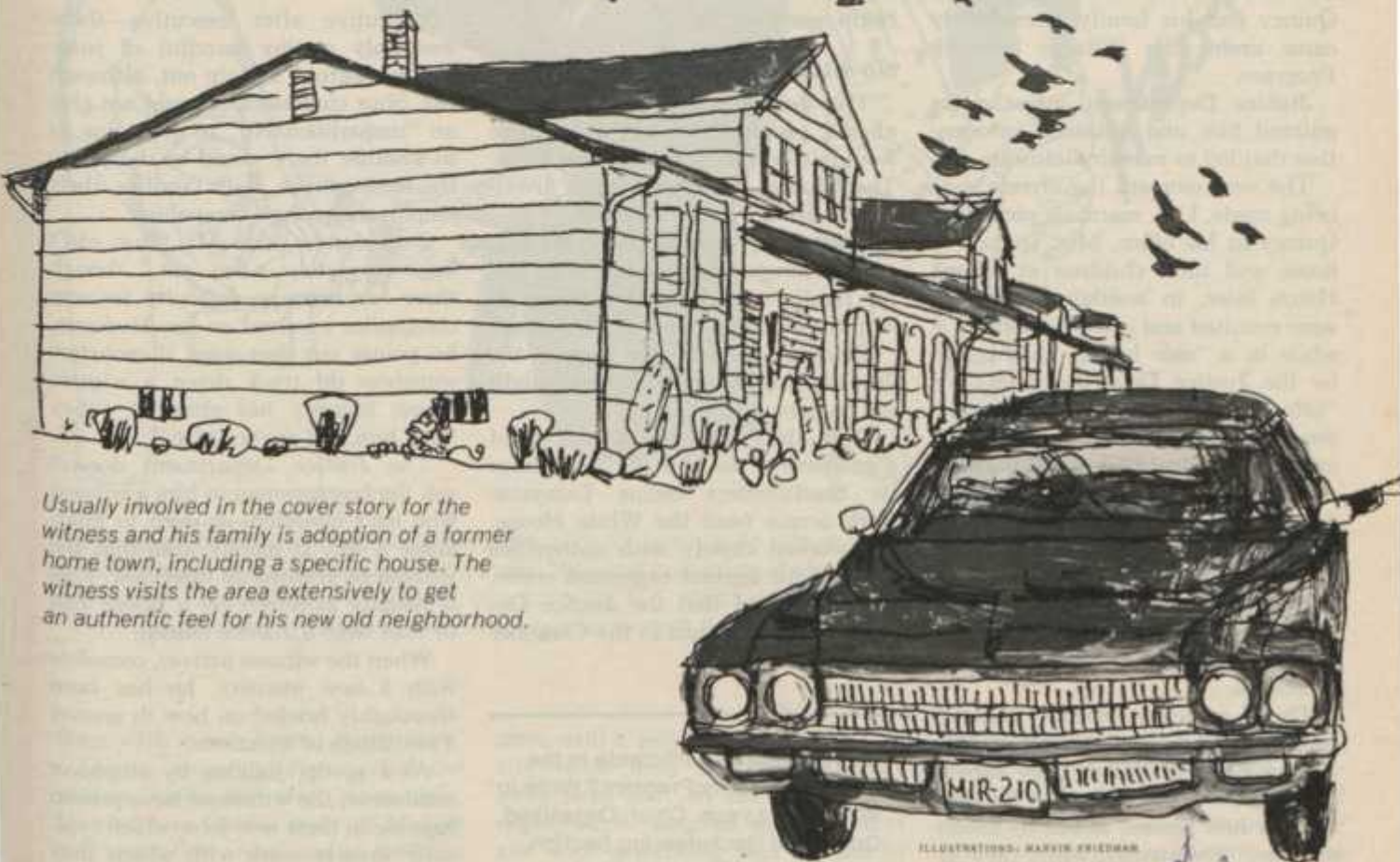
As Jim Quincy he would have had trouble landing any kind of reputable job. He had a known connection with organized crime, and a thick arrest record.

Yet William G. Fairfax, the president of a prosperous corporation, had hired him—fully aware that he had an unsavory background, though not of his real identity. Today, Mr. Fairfax is delighted with his performance in his job.

In a federal court sometime soon, John A. Ross will testify (as James A. Quincy) for the prosecution in a case pending against members of the criminal fraternity to which he once belonged. Afterward, he will legally become John A. Ross and his new friends and associates in the South will be none the wiser.

(The names Ross, Quincy and Fairfax, and the locale and situation, are fictionalized here for the purpose of protecting the lives of the witness and his family.)

Have



ILLUSTRATIONS: MARVIN FRIEDMAN

Usually involved in the cover story for the witness and his family is adoption of a former home town, including a specific house. The witness visits the area extensively to get an authentic feel for his new old neighborhood.

About 400 people—a few of them women—like John Ross are working for companies around the nation.

Some are former syndicate insiders, some are businessmen who were caught in the ever-tightening squeeze of loan sharks, and some just happen to be citizens who have knowledge about organized crime.

All have this in common—the case involves a major offense or offenses and the witness' life has been endangered as a result of his or her willingness to testify. And all have been aided through the Witness Security Program, a potent weapon wielded against crime by the Justice Department with a large measure of help from business.

The Justice Department may of-

fer, under the Organized Crime Control Act of 1970, to safeguard any person who may be in danger because of his testimony. This protection includes movement to new areas, and assistance in assuming completely new identities and in finding jobs.

The jobs are where the business community comes in, and the catalyst for its cooperation with the government has been the Chamber of Commerce of the United States.

"Without the assistance of the Chamber and the business community, our Witness Security Program couldn't succeed," says Gerald Shur, a Justice Department attorney who was a key figure in developing the program.

Unheralded, more than 150 firms

around the nation have been voluntarily hiring these witnesses during the past three years. The chief executive usually is the only member of a firm aware of the person's actual background. As is true of Mr. Fairfax, he does not know the witness' real name, nor the case in which he was or is involved.

Dissension in the mob

The story of Ross-Quincy is typical.

Last spring, a Justice Department task force in a major Northeastern city received word that Quincy, a key member of a syndicate under grand jury investigation, wanted to talk to the U.S. attorney. Members of the mob had had a falling-out. Quincy

How Business Shelters Witnesses From the Mob *continued*

agreed to appear as a government witness in return for protection for himself and his family.

Within hours, approval came from the office of the Attorney General. Quincy and his family immediately came under the Witness Security Program.

Justice Department investigators quizzed him and obtained information that led to mass indictments.

The very moment the arrests were being made, U.S. marshals picked up Quincy at his office, Mrs. Quincy at home and their children at school. Hours later, in another state, they were reunited and settling down for a while in a "safe house" maintained by the Justice Department. Such a "safe house" might be family quarters at a federal installation, for example, or a furnished rental home or apartment—in an ordinary neighborhood—whose real ownership has been disguised.

Here an elaborate change of identity got under way.

Ellen Quincy became a brunette and her husband started growing a mustache.

They received Social Security cards in their assumed names of John A. and Ellen M. Ross. They surrendered their driver's licenses for ones in their new names, issued by another state. (Eventually, when they arrived at what was to be their new home town in still another state, they would have to take licensing tests there.)

Their children's records were removed from the files of their schools. New records were supplied, in the assumed last name, showing the children had attended entirely different schools—though their grades were unchanged. The youngsters also received new birth certificates.

With a power of attorney, a U.S. marshal had the Quincy possessions moved to a secure area for storage. The Quincys' split-level home and two autos were placed on the market. All outstanding debts were paid, using Mr. Quincy's money, and all credit accounts closed.

Personal belongings that might unmask the family, such as monogrammed shirts and initials on luggage, were destroyed or placed in safekeeping.

For many days, a special group of marshals briefed the "Ross" family, drilling them on their new identities, pointing out pitfalls to be avoided. Finally, the family moved again, to begin new lives.

No witness "welfare"

The Justice Department decided at the program's outset that there wouldn't be "welfare" for witnesses. The witness must work for a livelihood, once his new life begins.

Until the witness has a job the federal government provides him and his family only with subsistence. If he refuses employment, this aid stops.

Finding jobs for such people, the Justice Department realized, might not be easy.

Over the years the Chamber of Commerce of the United States, from its headquarters facing Lafayette Park across from the White House, has worked closely with authorities in the fight against organized crime. It was natural that the Justice Department would turn to the Chamber for assistance.

Do you want to participate in the Witness Security Program? Write to: William S. Lynch, Chief, Organized Crime and Racketeering Section, United States Department of Justice, Washington, D.C. 20530. Mark your envelope "Personal and Confidential."

A briefing was given to some 700 businessmen at a gathering in Washington. There were only a few job offers at first—a disappointing reaction.

Justice Department officials and Chamber specialists had a hunch that the problem was the "glare of the spotlight," and through local chambers of commerce began scheduling meetings with small groups of businessmen.

The hunch was correct. The sessions were held in a variety of places—a company's board room, a room in a private club, wherever a degree of security could be assured. Mr. Shur was the speaker, and he now was delighted with the reaction.

One Midwestern businessman

summed it up: "This is really great. Here is something we can do that we can't tell anybody about. So nobody can accuse us of doing it just for publicity."

Executive after executive—there was only a tiny handful of turn-downs—agreed to help out, although Mr. Shur confessed he could not give an "unqualified No" to questions as to whether there would be danger to the businessmen, their families, their employees or their companies.

Such danger, says Mr. Shur, can't be "completely ruled out," though there has been no difficulty for any companies involved so far. However, he points out that even if mobsters somehow do track down a witness whose identity has changed, "they want him, not anyone else."

The Justice Department doesn't ask the businessman to hire a witness who isn't qualified, or even to guarantee a job. It merely asks that the witness be granted an interview. This is usually arranged by a phone call or visit from a Justice official.

When the witness arrives, complete with a new identity, he has been thoroughly briefed on how to answer a multitude of questions.

As a group, judging by employer comments, the witnesses have proven capable in their new jobs, which typically involve work with which they are familiar.

Often, once the prospective witness comes to federal authorities—he could show up at the nearest FBI office or U.S. attorney's office, for example—and Washington O.K.'s his being placed under protection, he is persuaded not to go home, but to begin the identity-switching process then and there.

Death was at the door

One man, however, insisted on a last trip home before disappearing. When he inserted a key in his door, an explosion demolished the front of the house. Another witness was silenced.

A cardinal rule is that a witness and his family, after being resettled, talk as little as possible with their new neighbors and acquaintances, especially about their past.

As an added safeguard, the Justice Department team generally provides



The program permits a witness to live in safety with his family even though he gives testimony that puts him in great danger. "Physical protection of witnesses is only half of it," says Wayne B. Colburn, director of the U.S. Marshal Service. "It is private industry's assistance that completes the formula."

them with a new former home town.

During an orientation period the witness visits the area extensively. He shops in stores, looks at schools and recreation areas, and so forth, in order to fix the area in his mind. He is even told that such and such a home is "his."

In one case, a witness being relocated was told that from then on, his former home town was a Virginia suburb of Washington, D.C. A Justice Department aide drove him and his wife slowly down a street, and stopped at a \$30,000 brick and frame rambler.

"That's where you lived," the government man said. "Commit the details to memory."

The witness' wife shook her head and said: "I'd never live in a dump like that."

For the purpose of a cover, however, that remained her former home.

The Justice Department aide couldn't bring himself to tell her that the home she had wrinkled her nose at was his own.

Sometimes, a witness is warned that he must change old habits. One

man, with a job waiting for him in a city more than a thousand miles away, was sent on his way with a deputy U.S. marshal for an escort and with a warning that he had to give up his favorite form of recreation: frequenting bars. "Stay out of them," he was told.

In the new city, the witness was transferred to the care of the local marshal and taken to an apartment that had been rented for him. Within an hour the marshal received a phone call from the witness.

"I've been spotted," the man said.

"Where?"

"In a bar."

Before unpacking his suitcase the witness had headed for the nearest pub. By sheer coincidence, another patron was a gang member he had met years ago.

Running from "hit" men

Fate has played havoc with the relocation efforts a number of times.

On one occasion, a Justice official was escorting a witness to a job interview in an East Coast city when worsening weather conditions closed

the airport at their destination. An announcement over the plane loud-speaker that the flight was headed elsewhere sent a chill through the two men—they were going to land at the witness' former home town, where organized crime leaders had "let a contract" on his life.

To compound the problem, this airport was expected to be closed due to the weather shortly after they landed, and outgoing flights probably would be grounded for many hours.

A nervous—and unarmed—official sat his charge down in an inconspicuous place in the terminal and rushed out to lease a car. They drove to another city and, after several changes of transportation to insure they weren't being followed, the official finally delivered the witness to his new home and job.

In another case, after being "trans-shipped" several times, a witness was turned over to a U.S. marshal for the final leg of his trip to his destination in a Western city. They were among the last to board the airliner. During the flight the witness made a trip to a lavatory in the rear of the plane. In

How Business Shelters Witnesses From the Mob *continued*

a few minutes he slipped back into his seat, noticeably paler.

"There are a couple of 'hit' men back there," he whispered.

When the airliner landed, the marshal and the witness were the first off and the witness was whisked away by waiting deputies.

Once a witness starts his journey to a new life it's as if he walks down a long corridor and doors are locked behind him, not once but many times.

Witness movement is entrusted to the U.S. Marshal Service. Only the witness and one marshal know the final destination.

A number of transshipments are often involved. Unless there is a complete breakdown in the system it is impossible to trace the witness to his new home. Even the prosecuting attorney handling the case does not know where his witness will be located. To obtain him for trial appearances, the prosecutor must contact Washington. Travel and security arrangements then are basically the same as in relocation.

Bills and wedding bells

The adoption of a new identity, of course, provides all sorts of problems for the witness. Although his children, if he has any, receive new birth certificates if they are needed for school enrollment, the witness and his wife do not—they will face no such requirement to establish place and date of birth. (If, eventually, the witness wishes to legally adopt his new identity, birth certificates for him and his wife can be provided.)

Usually, the witness retains his old life insurance policy and makes payments through a letter drop arrangement. This procedure is also used to communicate with relatives, and pay off any existing debts in the former home.

"We agree to protect the witness, not pay off his debts," Mr. Shur says. "If a creditor is trying to find him, he finds the U.S. Marshal Service, which does the coordinating but doesn't pay the bills."

Sometimes, circumstances are such that the Justice Department feels there is no alternative to bringing a witness back to his former home.

One man was returned for his

mother's funeral. From a hidden vantage point he attended the church services; then he observed the burial from a well-guarded position. After the funeral he was again transshipped to his new home.

Another man insisted that his forthcoming wedding had to take place in his old haunts.

Playing Cupid proved to be quite a logistic problem. The groom was returned to his home town and a small group of wedding guests were invited to a ceremony and reception to be held in a downtown hotel ballroom.

As each guest arrived he or she was identified by a close family member hidden behind a screen. A team of marshals took the approved guests to the basement in a secure elevator and then drove them to the scene of the actual wedding.

After the reception, the bride joined her groom for the trip back to his new home and the guests were returned to the hotel.

One thing preventing witnesses who formerly were criminals from returning to a life of crime is a particular fear of prison. For them, it means not only confinement but confinement where the mob may find them.

"The desire to live is pretty strong," Mr. Shur says.

Still, there has been an occasional bad apple in the witness barrel.

A businessman in the South called Mr. Shur one day to advise that the police were "about to pick up your guy." The witness had returned to crime, though not against his employer. Before hanging up, the businessman said: "Hey, send me another one."

Mr. Shur did.

There have been many success stories in witnesses' new lives. A former robber gained enough confidence, along with skill, to think of opening his own business.

Without any credit references to use, he frankly told his story—background and all—to a banker. The banker called Mr. Shur and asked if the story was true. Mr. Shur confirmed it.

"He's the kind of a guy I want to help," the banker said. "He's getting the loan."

A businessman making \$120,000 annually ran afoul of loan sharks.

This witness surfaced as a salesman with a new identity and made \$15,000 the first year. Within three years he was in the \$40,000 category.

Another man, with a long criminal record, was so successful in his new home town that a group of businessmen urged him to run for public office.

Still another, with a record stretching back to Prohibition days, is doing well in real estate.

In a department store chain, a man occupying a high executive position is a key witness.

Demoralized mobsters

Mr. Shur also measures the success of the program by the fact that no witnesses who have come under protection have been tracked down by mobsters, although there have been attempts to reach them (there have been, for example, phone calls from spurious relatives inquiring about the whereabouts of witnesses).

Even after they testify, the Justice Department feels an obligation toward the witnesses, Mr. Shur says, and offers continued protection.

As for the effect of the witness program on organized crime, information in Mr. Shur's possession leads him to believe it is having a demoralizing effect on the mobsters.

"They're growing more suspicious of each other," he says. "Sometimes when a witness disappears they think he's gone for good, frightened away. But when he appears and testifies..."

Mr. Shur smiles with satisfaction.

The program has had its surprises for many people.

In a quiet Southwestern suburb not too long ago, a businessman's neighbor came rushing over to announce: "Hey, I'm on the news!"

The businessman turned on his television set. Sure enough, there was his neighbor—only he was identified as someone else, a former member of an organized crime ring who had been testifying in a case in another city.

The neighbor was all smiles as the businessman watched. Then the smiles faded. The neighbor, crestfallen, suddenly realized he had committed a no-no. He had blown his cover.

—GROVER HEIMAN

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In January, 1971, the Small Business Administration undertook a major departure from its usual programming and entered the short-term lending field.

A revocable revolving line of credit program was designed to meet the short-term working capital requirements of small concerns, so they would have a sufficient cash flow to perform specific contracts.

Originally, it was set up on a trial basis to allow construction contractors to draw money as their needs arose, rather than be obligated for large sums. The results were so favorable that within four months the program was launched nationwide and expanded to manufacturing companies and service firms.

A key consideration was assignment of the contract's proceeds as a means of repayment.

The revolving line of credit program works similarly to the regular SBA business loan program, except that loans can be used only for labor and materials, and not to buy fixed assets or repay existing obligations. To qualify, a concern must have been in operation for at least 12 months preceding the date of application.

SBA may guarantee up to \$350,000 or 90 per cent of a line of credit, whichever is the lesser. A socially or economically disadvantaged small businessman who does not meet other criteria may qualify for a line of credit anyway, under Title IV of the Economic Opportunity Act. There is a maximum of \$50,000 or 90 per cent of the line of credit in these cases.

The amount of the line of credit cannot exceed a reasonable estimate of the cash the business will need to finance work that it has the capacity to perform and can reasonably be expected to generate under its contracts.

Terms are the normal bank interest rates and/or fees determined by the lender. Other SBA interest rates cri-

teria do not apply to this program.

The line of credit usually has a maximum term of 12 months from date of first disbursement, though in some instances of large contracts, approval may be given for as long as 18 months. Sixty days prior to loan termination, the lender and SBA review the situation. By mutual agreement they can extend or reduce the line of credit. If no action is taken, the guaranty expires on the termination date.

As SBA gained experience in the program, it found that a great need existed to provide working capital for a wide variety of small businesses so they would have sufficient funds to meet their seasonal requirements. In the fall of 1972, a pilot program was drawn up to include firms with or without assignable contracts and five cities were selected for a tryout: Jacksonville, Fla.; Wichita, Kans.; Oklahoma City, Okla.; Spokane, Wash.; and Columbia, S.C.

Guidelines were established to retire the expanded line of credit loan at the conclusion of the borrower's "season." The loan is dependent for repayment on the short-term conversion process and is not contingent on the firm's future earnings. Therefore it is self-liquidating, and at the end of the trading cycle (e.g., cash to inventory to receivables to cash) it must be paid off. The cycle must involve a relatively temporary accretion to inventory, then to receivables, then to cash. If, anywhere along the line, funds are used to buy other items, including nonseasonal inventory, then the conversion cycle would be broken or destroyed and repayment of the line of credit would be impaired. No lines of credit for seasonal purposes may run 12 months; all must be liquidated for at least 30 consecutive days of each year.

Activities under the new provisions have been carefully monitored. There are three main areas of study: How much and what kind of a demand there is for the program; how the program can be improved and made

more functional; and to what extent the lending community wants and needs this accommodation.

Indications heavily favor adoption of short-term, revolving line of credit lending on a broader basis for small firms. A date for its availability nationwide will be announced in the near future.

Some examples of the breadth of usage of the pilot program are: commercial printer; wholesalers of oil field equipment and of steel products; chemical products firm; manufacturers of fiber glass products, of farm machinery, of luggage and of photography equipment; broker of oil and gas leases; business service firms; manufacturer and reconditioner of sanitary drums; and retailer of musical instruments.

This type of lending certainly is not new to the banking industry. However, there are many instances where the SBA guarantee is proving to be the difference between approval and refusal of loans. Where a contract is not assigned, collateral may consist of trading assets, fixed assets or any other worthwhile item that is available, within or outside the business.

One advantage to the small businessman of having a line of credit rather than a long-term amortized loan is that he pays interest only on the amount used for the time it is used. The program also gives him the opportunity to better utilize his working capital by projecting his financial requirements where fluctuations are prevalent. And he can make purchases at a better price than under pressures of short timetables and limited funds.

From its inception in 1971 through March 31, 1973, the revolving line of credit program has involved the granting of 905 loans for a total of \$83.3 million. More than half the volume was accomplished in the first nine months of fiscal year 1973—532 loans for a total of \$49.4 million. The numbers and amounts continue to rise.

Prepared by the Small Business Administration.

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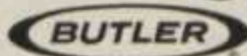


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Just recently the Japanese government selected the Beechcraft King Air C90 to meet the stringent training requirements of the Japanese Maritime Self-Defense Force. The initial delivery this summer of three King Air C90's constitutes

the first phase of a long range procurement program that is expected to extend over a period of years.

Naturally, it is gratifying to us that the Japanese government should place their confidence in the performance and dependability of the King Air C90. It proves once again what knowledgeable people have been saying for years:

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The Executive's Guide to Washington

A handy digest of whos, whats
and wheres for the man or woman with
business in the nation's capital



PHOTO: FRED J. BARON

To the businessman, Washington can be both a delight and a dilemma.

He will find that hundreds of government officials are available to listen to his needs—if they just know he's coming and if he knows just where to find them.

He will find tons of information available on just about every subject—if he just knows what he wants and where to go to get it.

Probably no other major capital of the world is so open to its citizens as Washington, the seat of the federal government.

It's so open that you can walk yourself bone tired through miles of corridors in government buildings. And you may do it in vain, if you're not prepared.

For instance, if you want to talk to the Defense Department about selling it an item used by all of the military services, don't go to the Pentagon, that 34-acre building you've heard so much about. Go instead to Alexandria, Va., turn on Duke St. and stop at Cameron Station. Don't be surprised at that line of cars inside the gate being loaded with bags of groceries. Cameron Station is the site of the largest military commissary in the Washington area. But it's also the headquarters of the Defense Supply Agency, which deals in contracts worth billions of dollars each year to businessmen large and small.

Don't go to the imposing building housing the Department of Health, Education and Welfare at 330

Independence Ave. S.W. if you want to see someone in the Office of Education. That's at 400 Maryland Ave. S.W.

And if you're interested in some business statistics you know the Census Bureau, a part of the Commerce Department, has been gathering, don't go to the Department on Fourteenth St. between E St. and Constitution Ave. N.W. It's located in Suitland, Md., about two miles southeast of the District of Columbia, and is a branch of the Department's new Social and Economics Statistics Administration.

There are dozens of guidebooks about Washington. They range from pamphlets to beautiful picture books more than two feet tall.

There are also voluminous manuals about how your government is organized.

But many busy businessmen say what they need is a handy digest of the agencies and offices in which business is interested.

Here then is such a digest from *Nation's Business*. "The Executive's Guide to Washington" makes no attempt to list every agency, bureau or division. But it is full of indispensable information.

The Guide's addresses and telephone numbers are as current as they can be made at the time of printing. If any of them are in error, blame Washington's habit of shuffling government offices from one location to another.



The Layout of the City

Washington is divided, not symmetrically, into four quadrants: Northwest, Southwest, Northeast and Southeast. The Capitol is the center where the dividing lines intersect. The East-West axis is the Mall and East Capitol St. The North-South axis is North Capitol St. and South Capitol St.

Most of Northeast and Southeast Washington is residential. Southwest houses many government offices, including HEW, the Department of Housing and Urban Development and the Agriculture Department. Northwest is both residential and commercial; most of the city's business, cultural and financial life takes place in Northwest Washington.

It is here, for example, that the Chamber of Commerce of the United States (phone: 659-6000) and *Nation's Business* (phone: 659-6010) are located, at 1615 H St.

Neighborhoods you will enjoy visiting are Capitol Hill—old homes as well as famed public buildings; Foggy Bottom—Nineteenth Century town houses, the Watergate complex of apartments, offices and hotel and the Kennedy Center for the Performing Arts; and Georgetown—sophisticated boutiques, restaurants and charming residential streets.

Washington is bounded on the northwest, north, east and southeast by Maryland, and on the south and west by Virginia. The Potomac River serves as the boundary between Maryland and Virginia and between the District of Columbia and Virginia. (See maps.)

The three major airports serving the nation's capital are:

National Airport, in suburban Arlington, Va., a 15-minute cab ride to downtown. (Airport bus to downtown, \$1.75; taxi about \$3.80.)

Dulles International Airport, in Fairfax County, Va., a 40-minute ride to downtown. (Airport bus to downtown, \$3.50; taxi about \$18.)

Friendship Airport, near Baltimore, a 50-minute ride to downtown Washington. (Airport bus to downtown, \$3.20; taxi about \$18.)

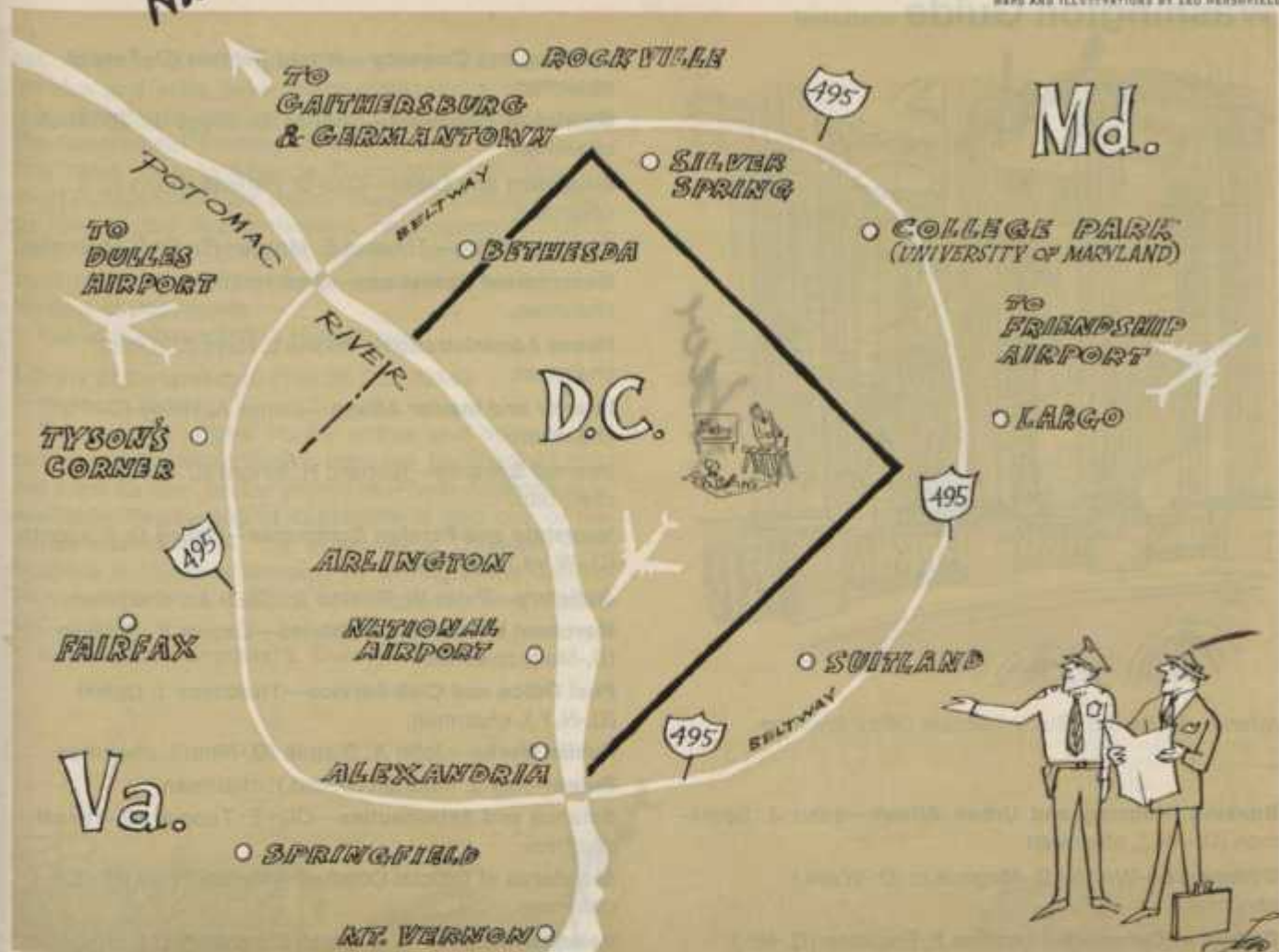
These estimates of travel time from downtown to airport don't hold good for the morning or evening rush hours. Then it might take twice as long to make the trip—or longer.

Cab fares may vary, too, depending on the driver and the route he takes. The rate from downtown to the airports is 60 cents for the first mile, 25 cents for each additional half mile.

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MAPS AND ILLUSTRATIONS BY LEO HERSHFIELD



The Legislative Branch

The Congress of the United States, the Legislative branch of government which passes our laws, is composed of the Senate, with 100 members, and the House of Representatives, with 435 members. Senators are elected for a term of six years; a third of the body every two years. The number of Representatives from each state is determined by the state's population and the House is reapportioned every 10 years after the census. A new House is elected every two years.

The Congress sits in the Capitol, each body using a separate wing of the building.

Individual members have suites in one of five office buildings. Senators are assigned space in the Richard B. Russell or Everett M. Dirksen buildings, Representatives in the Joseph G. Cannon, Nicholas Longworth and Sam Rayburn buildings. All are named for former Senators or House Speakers.

Much of Congress' work is done by standing committees. Each bill is assigned to a committee to debate its merits and make changes before it is cleared for action by each body of Congress and by Congress as a whole.

Much of the businessman's contact with Congress will come from meetings with his own Congressman or

through the committees. Many businessmen, as individuals or as representatives of their business and trade associations, give their views on pending legislation via testimony at committee hearings.

Individual members of the House and Senate may be reached through the main Capitol telephone number, 224-3121. Committees may also be reached through this number.

Each member of Congress has one or more offices in his home state or district.

Congress also has jurisdiction over the General Accounting Office, Government Printing Office, Library of Congress, Cost Accounting Standards Board and the U.S. Botanic Garden.

STANDING COMMITTEES OF THE SENATE.

Main Phone: 224-3121.

Aeronautical and Space Sciences—Frank E. Moss (D.-Utah), chairman.

Agriculture and Forestry—Herman E. Talmadge (D.-Ga.), chairman.

Appropriations—John L. McClellan (D.-Ark.), chairman.

Armed Services—John C. Stennis (D.-Miss.), chairman.



Interior, Richard B. Russell Senate Office Building

Banking, Housing and Urban Affairs—John J. Sparkman (D.-Ala.), chairman.

Commerce—Warren G. Magnuson (D.-Wash.), chairman.

District of Columbia—Thomas F. Eagleton (D.-Mo.), chairman.

Finance—Russell B. Long (D.-La.), chairman.

Foreign Relations—J. William Fulbright (D.-Ark.), chairman.

Government Operations—Sam J. Ervin Jr. (D.-N.C.), chairman.

Interior and Insular Affairs—Henry M. Jackson (D.-Wash.), chairman.

Judiciary—James O. Eastland (D.-Miss.), chairman.

Labor and Public Works—Harrison A. Williams Jr. (D.-N.J.), chairman.

Post Office and Civil Service—Gale W. McGee (D.-Wyo.), chairman.

Public Works—Jennings Randolph (D.-W.Va.), chairman.

Rules and Administration—Howard W. Cannon (D.-Nev.), chairman.

Veterans' Affairs—Vance Hartke (D.-Ind.), chairman.

STANDING COMMITTEES OF THE HOUSE.

Main Phone: 224-3121.

Agriculture—W.R. Poage (D.-Texas), chairman.

Appropriations—George H. Mahon (D.-Texas), chairman.

Armed Services—F. Edward Hébert (D.-La.), chairman.

Banking and Currency—Wright Patman (D.-Texas), chairman.

District of Columbia—Charles C. Diggs Jr. (D.-Mich.), chairman.

Education and Labor—Carl D. Perkins (D.-Ky.), chairman.

Foreign Affairs—Thomas E. Morgan (D.-Pa.), chairman.

Government Operations—Chet Holifield (D.-Calif.), chairman.

House Administration—Wayne L. Hays (D.-Ohio), chairman.

Interior and Insular Affairs—James A. Haley (D.-Fla.), chairman.

Internal Security—Richard H. Ichord (D.-Mo.), chairman.

Interstate and Foreign Commerce—Harley O. Staggers (D.-W.Va.), chairman.

Judiciary—Peter W. Rodino Jr. (D.-N.J.), chairman.

Merchant Marine and Fisheries—Leonor K. Sullivan (D.-Mo.), chairman.

Post Office and Civil Service—Thaddeus J. Dulski (D.-N.Y.), chairman.

Public Works—John A. Blatnik (D.-Minn.), chairman.

Rules—Ray J. Madden (D.-Ind.), chairman.

Science and Astronautics—Olin E. Teague (D.-Texas), chairman.

Standards of Official Conduct—Melvin Price (D.-Ill.), chairman.

Veterans' Affairs—W.J. Bryan Dorn (D.-S.C.), chairman.

Ways and Means—Wilbur D. Mills (D.-Ark.), chairman.

JOINT COMMITTEES OF THE SENATE AND HOUSE.

Main Phone: 224-3121.

Atomic Energy—Rep. Melvin Price (D.-Ill.), chairman.

Defense Production—Sen. John J. Sparkman (D.-Ala.), chairman.

Internal Revenue Taxation—Rep. Wilbur D. Mills (D.-Ark.), chairman.

Joint Economic Committee—Rep. Wright Patman (D.-Texas), chairman.

Reduction of Federal Expenditures—Rep. George H. Mahon (D.-Texas), chairman.

General Accounting Office, 441 G St. N.W. 20548.
Phone: 783-5200.

This is Congress' financial investigative arm. It conducts audits of federal agencies, state and local governments, private administrators of federal funds and of certain activities of contractors doing work for the government.

Comptroller General of the United States: Elmer B. Staats.

Government Printing Office, North Capitol and H Streets. 20401.

Phone: 541-3000.

The government's printer is one of the world's largest.

est. It prints all Congressional documents and distributes and sells government publications and catalogs. Brochures entitled: "How to Do Business With the Government Printing Office, A Guide for Contractors" and "How to Keep in Touch With U.S. Government Publications" are useful. They are available, free, by writing the Superintendent of Documents, GPO, Washington, D.C. 20402. A monthly listing of current publications is also available by writing the Superintendent of Documents.

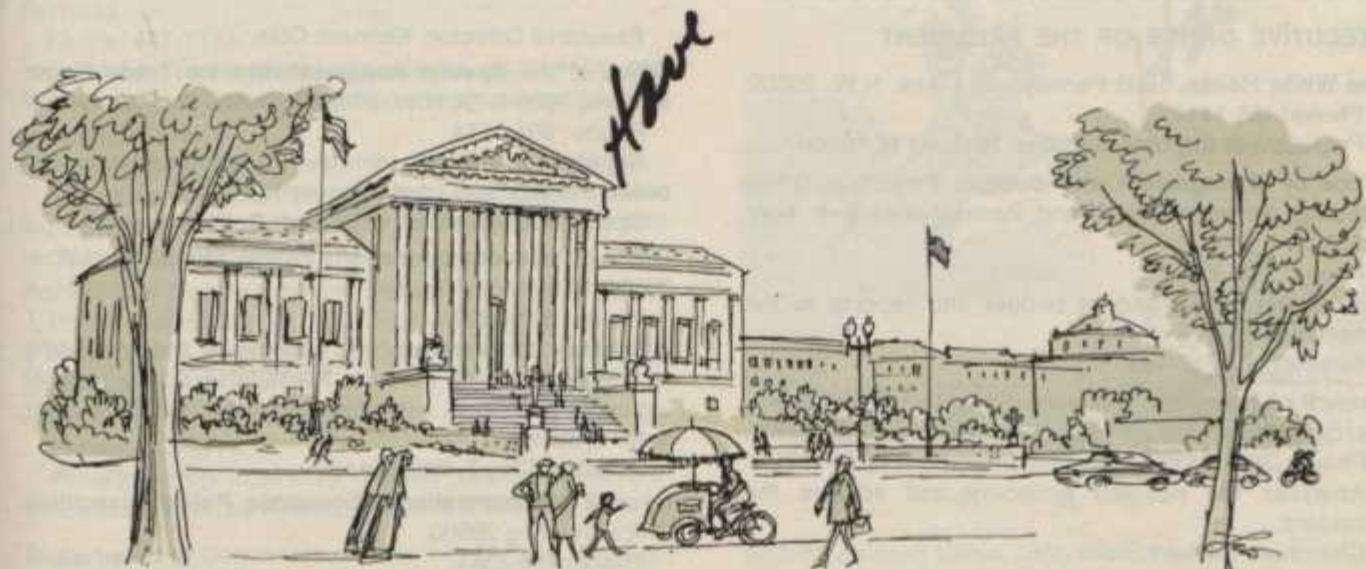
Public Printer: Harry J. Humphrey.

Library of Congress, 10 First St. S.E. 20540.

Phone: 426-5000.

The nation's largest library is free and open to the public (adults only). Books may not be checked out, but must be used on the premises. Photo-duplication is available. Registering of copyrights is also one of the library's functions. A "List of Library of Congress Publications in Print" is available by writing to the Central Services Division, Library of Congress, Washington, D.C. 20540.

Librarian of Congress: L. Quincy Mumford.



Supreme Court

The Judicial Branch

The Supreme Court of the United States, 1 First St. N.E. 20543.

Phone: 393-1640.

Chief Justice: Warren E. Burger.

U.S. Court of Appeals, District of Columbia, Constitution Ave. and John Marshall Place N.W. 20001.

Phone: 655-4000.

Presiding Judge: David Bazelon.

U.S. District Court for the District of Columbia, Constitution Ave. and John Marshall Place N.W. 20001.

Phone: 655-4000.

U.S. Court of Claims, 717 Madison Place N.W. 20005.

Phone: 382-1987.

Hears claims against the United States.

U.S. Court of Customs and Patent Appeals, 717 Madison Place N.W. 20439.

Phone: 382-2380.

Decides customs and patent law questions.

U.S. Tax Court, 1111 Constitution Ave. N.W. 20044.

Phone: 964-3018.

Adjudicates controversies involving income, estate and gift taxes, and personal holding company surtaxes.



Pennsylvania Avenue, in front of White House

The Executive Branch

EXECUTIVE OFFICE OF THE PRESIDENT

The White House, 1600 Pennsylvania Ave. N.W. 20500.
Phone: 456-1414.

President of the United States: Richard M. Nixon.

Office of Management and Budget, Executive Office Building, Seventeenth St. and Pennsylvania Ave. N.W. 20503.

Phone: 395-3000.

Supervises the national budget and reports to the President.

Director: Roy L. Ash.

Council of Economic Advisers, Executive Office Building, Seventeenth St. and Pennsylvania Ave. N.W. 20506.

Phone: 395-3000.

Analyzes the national economy and advises the President.

Chairman: Herbert Stein.

Central Intelligence Agency, Langley, Va. 20505.

Phone: 351-1100.

Coordinates the intelligence activities of the government in the interest of national security.

Director: William E. Colby.

Cost of Living Council, 726 Jackson Place N.W. 20005.

Phone: 655-4000.

Aids the President in implementing wage and price controls.

Chairman: Dr. John Dunlop.

Domestic Council, the White House.

Phone: 456-1414.

Makes recommendations to the President concerning domestic policy. Maintains liaison with the states on various programs, having absorbed functions of the Office of Intergovernmental Relations.

Executive Director: Kenneth Cole.

Office of the Special Representative for Trade Negotiations, 1800 G St. N.W. 20506.

Phone: 395-5114.

Supervises and coordinates trade agreements between the U.S. and foreign countries.

Special Representative: William D. Eberle.

Office of Telecommunications Policy, 1800 G St. N.W. 20504.

Phone: 395-5800.

Advises the President and supervises policy relating to communications matters. Formulates policy regarding cable television, satellites, and interconnected computer systems.

Director: Clay T. Whitehead.

Council on International Economic Policy, Executive Office Building 20500.

Phone: 456-2361.

Coordinates domestic and foreign economic policy. Assistant to the President for International Economic Affairs: Peter Flanigan.

Office of Consumer Affairs, New Executive Office Building, 726 Jackson Place N.W. 20506.

Phone: 395-3682.

Programs originated here have been transferred to HEW (the agency's phone there is 962-2904) but the agency's director continues to advise the President on matters of consumer interest.

Director: Virginia H. Knauer.

EXECUTIVE DEPARTMENTS

Department of Agriculture, Independence Ave. between Twelfth and Fourteenth Streets S.W. 20250.

Main phone: 655-4000.

Created in 1862, it was given Cabinet rank and made the eighth Executive Department on Feb. 9, 1889. It oversees a multitude of farm programs—research, surplus disposal, marketing, price supports, education, conservation and rural development. It operates an extensive information service. You can find out from the Department just about anything on any subject remotely related to agriculture—from catfish farming to removing stains from fabrics.

Secretary of Agriculture: Earl Butz.

Phone: 447-3641.

Rural Electrification Administration.

Phone: 447-5606.

Makes loans to finance electric and telephone service in rural areas.

Soil Conservation Service.

Phone: 447-4543.

Oversees national soil and water conservation programs.

Animal and Plant Health Inspection Service.

Phone: 447-3977.

Supervises regulatory programs regarding meat and poultry wholesomeness.

Agricultural Economics (including Economic Research Service).

Phone: 447-7133.

Conducts research in agricultural economics and marketing, both domestic and in foreign commerce.

Extension Service.

Phone: 447-6283.

The Department's educational arm, the Service supervises scores of programs primarily aimed at better farming practices.

Agricultural Stabilization and Conservation Service.

Phone: 447-5237.

Administers commodity and land-use programs for farm income stabilization.

Federal Crop Insurance Corp.

Phone: 447-6171.

Provides crop insurance against loss from unavoidable causes such as weather, insects, disease.

Department of Commerce, Fourteenth St. N.W. between E St. and Constitution Ave. 20230.

Phone: 783-9200.

The Department of Commerce and Labor was reorganized into the Department of Commerce on March 4, 1913, when all labor activities were transferred into a new Cabinet agency, the Department of Labor. Commerce Department's mission is to foster, serve and promote the nation's economic and technological advancement. It's the Department most familiar, perhaps, to businessmen. It operates the Patent Office, takes the census, feels the pulse of business through its statistical services, and operates a variety of programs to help business, both in the domestic and export areas.

Secretary of Commerce: Frederick Dent.

Phone: 967-2113.

Bureau of Domestic Commerce.

Phone: 967-3808.

Maintains liaison with business in order to provide both government and business with information and assistance in the areas of domestic business policy, trade adjustment, business research, industrial mobilization and business services.

Office of Foreign Direct Investments.

Phone: 343-7317.

Works with U.S. companies with direct overseas investments. A primary function is to help correct the balance of payments trade deficit.

Bureau of International Commerce.

Phone: 967-3181.

Helps U.S. business sell its goods in international markets.

Maritime Administration, Fifteenth and E Streets N.W. 20230.

Phone: 967-2746.

Administers subsidy programs to the maritime industry.

Office of Minority Business Enterprise.

Phone: 967-5713.



Andrew Jackson statue, Lafayette Park

Aims to strengthen minority business enterprise with a variety of programs.

National Bureau of Standards, Gaithersburg, Md. 20234.

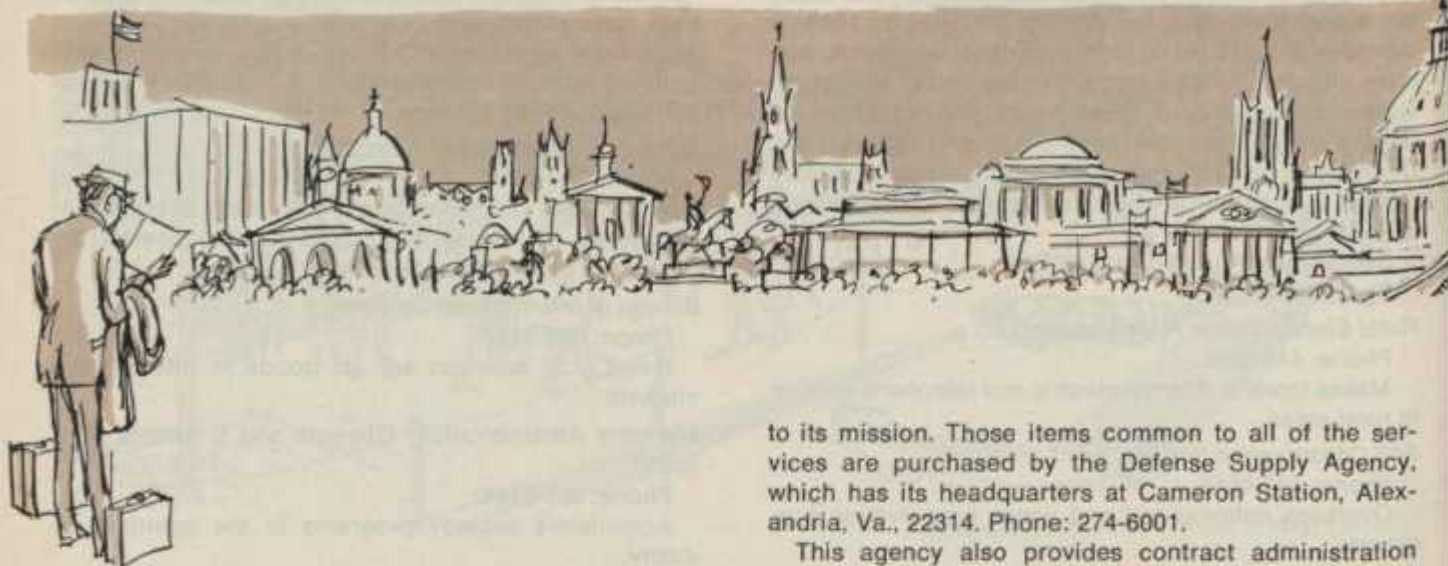
Phone: 301-921-1000.

Provides the central basis within the United States of a complete and consistent system of physical measurement; conducts materials research; provides technical assistance to government agencies. If the nation converts to the metric system, it will largely be this agency which will try to anticipate and solve problems which arise.

National Oceanic and Atmospheric Administration, Rockville, Md. 20852.

Phone: 301-496-8910.

Washington Guide *continued*



Explores, maps and charts the world's oceans; does oceanic and atmospheric research; reports on and forecasts weather.

Patent Office, 2021 Jefferson Davis Highway, Arlington, Va. 20231.

Phone: 703-557-3080.

Examines patent applications and grants patents which protect the commercial rights of inventors.

Social and Economic Statistics Administration (includes the Census Bureau), Suitland, Md. 20233.

Phone: 301-763-5557.

Collects, compiles and analyzes statistics dealing with economic, social and demographic data. It supervises the population count once every 10 years and provides a variety of specialized information.

U. S. Travel Service.

Phone: 967-4987.

Tries to stimulate travel to the United States by residents of foreign countries.

Department of Defense, the Pentagon, Arlington, Va. 20301.

Main phone: 545-6700.

The Department of Defense is charged with the responsibility of national security of the United States, possessions and trusts. It includes the Office of the Secretary of Defense and the Joint Chiefs of Staff, the military Departments and the military services within these Departments, the unified and specified military commands and special agencies.

The Office of the Secretary of Defense is located in Room 3E880, the Pentagon.

Secretary of Defense: James R. Schlesinger.

Phone: 695-5261.

The chief procurement official of the Department of Defense is the Assistant Secretary of Defense (Installations and Logistics). His office is located in Room 3E808, the Pentagon.

Each military Department buys those items peculiar

to its mission. Those items common to all of the services are purchased by the Defense Supply Agency, which has its headquarters at Cameron Station, Alexandria, Va., 22314. Phone: 274-6001.

This agency also provides contract administration services for the military Departments, the National Aeronautics and Space Administration and other government agencies on request.

The Defense Contract Audit Agency, a separate agency, is also located at Cameron Station.

Other major Department of Defense agencies located in the Washington area are:

Defense Advanced Research Projects Agency, 1400 Wilson Blvd., Arlington, Va. 22209.

Phone: 694-3007.

Defense Civil Preparedness Agency, Room 3E346, the Pentagon, Arlington 20301.

Phone: 695-9441.

Defense Communications Agency, Eighth St. and South Courthouse Road, Arlington 20305.

Phone: 692-2698.

Defense Security Assistance Agency, Room 4E837, the Pentagon 20301.

Phone: 697-0098.

Armed Services Board of Contract Appeals, 200 Stovall St., Alexandria, Va. 22332.

Phone: 325-8000.

Department of the Air Force, the Pentagon, Arlington, Va. 20330.

Main phone: 545-6700.

The Department organizes, trains and equips the nation's air force. The Secretary of the Air Force, a civilian, heads the Department. His office is located in Room 4E871.

Secretary of the Air Force: Dr. John McLucas.

Phone: 697-1361.

Chief procurement official of the Department is the Assistant Secretary of the Air Force for Installations and Logistics, in Room 4E856.

Assistance for small businessmen can be obtained through the Air Force Small Business Adviser, Room 4C-279, the Pentagon. Phone: 697-4126.

Air Force procurement is generally divided between two agencies—the Air Force Systems Command and the Air Force Logistics Command, which is in Dayton, Ohio.



The Air Force Systems Command is at Andrews Air Force Base, Md. 20334.

It develops and purchases weapon systems.
Phone: 981-9111.

Department of the Army, the Pentagon, Arlington, Va. 20310.

Main phone: 545-6700.

The Department organizes, trains and equips the nation's land forces. The Secretary of the Army, a civilian, heads the Department. His office is in Room 3E718.

Secretary of the Army: Howard H. Callaway.

Phone: 695-3211.

Chief procurement official of the Department is the Assistant Secretary of the Army for Installations and Logistics, located in Room 3E560.

The central procurement agency for items peculiar to the Army is the *Army Materiel Command*, 5001 Eisenhower Ave., Alexandria, Va. 22304.

Phone: 545-6700.

The Army acts for all military traffic and traffic services. The Commander, *Military Traffic Management and Terminal Service (MTMTS)*, is at 5611 Columbia Pike, Falls Church, Va. 22041.

Phone: 756-1761.

Assistance to small businessmen in obtaining defense contracts is available through the office of the *Army Small Business and Economic Utilization Policy Adviser*, Room 1E464, the Pentagon.

Phone: 697-8113.

Department of the Navy, the Pentagon, Arlington, Va. 20350.

Main phone: 545-6700.

The Department organizes, trains and equips the forces needed to maintain security of the seas, including the land and air forces of the Marine Corps. The Secretary of the Navy, a civilian, heads the Department. His office is in Room 4E686.

Secretary of the Navy: John W. Warner.

Phone: 695-3131.

Chief procurement official of the Department is the Assistant Secretary of the Navy for Installations and Logistics, whose office is in Room 266, Building 5, Crystal Plaza, Arlington, Va. 20360.

Phone: 692-2202.

Chief procurement official for the *Marine Corps* is the

Assistant Chief of Staff (G-4), whose office is in Room 2233, Marine Corps Headquarters, adjacent to the Pentagon, at Columbia Pike and Arlington Ridge Road, Arlington 20380.

Phone: 545-6700.

The central procurement agency for items peculiar to the Navy is the *Navy Material Command*, Crystal Plaza, Arlington 20360.

Phone: 692-3004.

Contract information and information on small business activities can be obtained from the *Office of Small Business and Economic Utilization*.

Information dealing with the Marine Corps can be obtained from the Director, Procurement Division, Supply Department, Marine Corps Headquarters (694-2582) or from the Marine Corps Small Business Specialist, Supply Department, Marine Corps Headquarters (694-1939).

Department of Health, Education and Welfare, 330 Independence Ave. S.W. 20201.

Main phone: 962-2246.

Created by Congress in 1953, HEW is now, next to the Defense Department, the largest agency in government, both in scope and budget. Its purpose is to administer those programs which promote the general welfare in the fields of health, education and Social Security. Social Security administers a mandatory pension plan for the nation's workers; handles payments for Medicare and Medicaid in national health programs and to welfare recipients.

Most federal financial assistance to education is administered by the Office of Education, including vast adult vocational and technical programs supervised by state and local school districts.

Secretary of Health, Education and Welfare: Caspar Weinberger.

Phone: 962-2351.

Public Health Service, 5600 Fishers Lane, Rockville, Md. 20852.

Phone: (301) 443-4515.

Food and Drug Administration, Health Services and Mental Health Administration, 5600 Fishers Lane, Rockville; National Institutes of Health, 9000 Rockville Pike, Bethesda, Md. 20010.

Phone: 656-4000.

Washington Guide *continued*

Office of Education, 400 Maryland Ave. S.W. 20202.
Phone: 963-1110.

Social Security Administration, 6401 Security Blvd.,
Baltimore, Md. 21235.
Phone: 301-594-1234.

Social and Rehabilitation Service, 330 C St. S.W. 20201.
Phone: 962-2102.

Department of Housing and Urban Development, 451
Seventh St. S.W. 20410.

Main phone: 655-4000.

One of the newer Cabinet Departments, HUD was created by Congress in 1965 to bring together various branches of the government concentrating on federal housing and community development programs. A prime

Federal Insurance.

Phone: 755-5581.

Administers flood, riot, crime and other insurance programs for the Department.

Department of the Interior, C St. between Eighteenth
and Nineteenth Streets N.W. 20240.

Main phone: 343-1100.

Custodian of our natural resources, the Department was created in 1849. It administers over 533 million acres of federal land and has trust responsibilities for another 50 million acres, mostly Indian reservations.

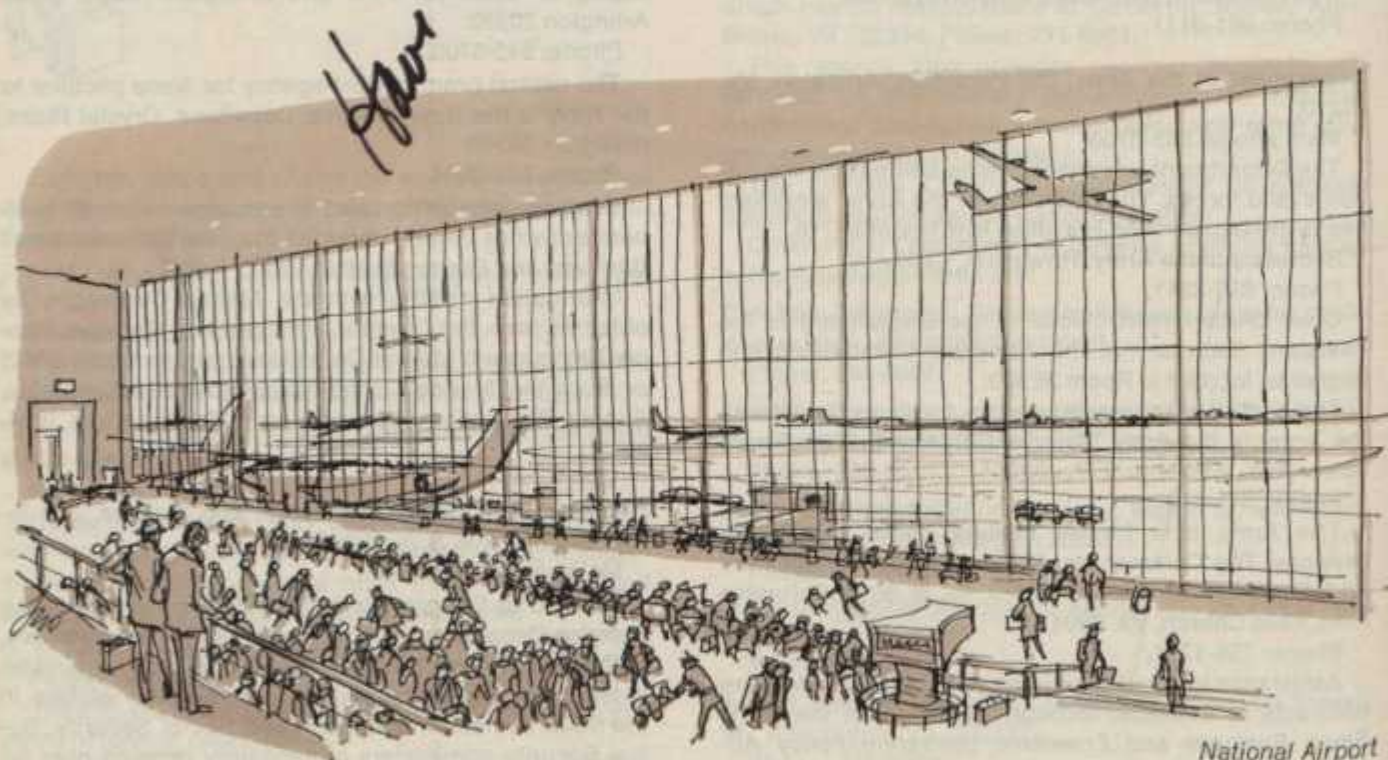
Secretary of the Interior: Rogers C.B. Morton.

Phone: 343-6412.

Office of Oil and Gas.

Phone: 343-9417.

Develops and coordinates oil and gas programs.



National Airport

function is financial assistance in the construction of low-cost housing and redevelopment of inner city metropolitan areas. But HUD's activities cover a broad spectrum, including grants for water and sewer projects.

Secretary of Housing and Urban Development: James T. Lynn.

Phone: 755-6417.

Housing Production and Mortgage Credit (Federal Housing Commissioner).

Phone: 755-6522.

Administers programs which assist in the production and financing of housing.

Community Development.

Phone: 755-5421.

Administers programs concerning the community (model cities, urban renewal, rehabilitation loans and grants, open space land, community facilities).

Office of Saline Water.

Phone: 343-5491.

Conducts research into the use of sea water for agricultural, industrial, municipal and other purposes.

Office of Coal Research.

Phone: 343-5779.

Seeks to develop new and more efficient methods of mining, preparing and using coal.

Defense Electric Power Administration.

Phone: 343-2577.

Holds responsibility for emergency preparedness programs for electric power.

Office of Water Resources Research.

Phone: 343-2727.

Conducts research into water resources.

Fish and Wildlife Service.

Phone: 343-5634.

Holds responsibility for conservation and uses of the nation's fish and wildlife resources.

National Park Service.

Phone: 343-7394.

Administers the national parks, monuments, historic sites and recreation areas.

Bureau of Mines, 4015 Wilson Blvd., Arlington, Va. 20240.

Phone: 343-2052.

Administers regulatory programs involving the nation's mineral and fuel needs, including mine safety.

Geological Survey, F St. between Eighteenth and Nineteenth Streets N.W. 20242.

Phone: 343-4646.

Supervises private industry mining, oil and gas leases on public lands.

Bureau of Indian Affairs, 1951 Constitution Ave. N.W. 20242.

Phone: 343-7445.

Trains Indians and Alaskan natives to manage their own affairs and, in some instances, supervises services and lands.

Bureau of Land Management.

Phone: 343-5717.

Classifies, manages and disposes of public lands and their related resources.

Bureau of Outdoor Recreation.

Phone: 343-6020.

Makes financial assistance grants to states to facilitate outdoor recreation planning, acquisition and development.

Bureau of Reclamation.

Phone: 343-4662.

Develops arid lands in the Western states.

Department of Justice, Constitution Ave. between Ninth and Tenth Streets N.W. 20530.

Main phone: 737-8200.

The primary functions of this Department, established in 1870, are to enforce federal laws, to furnish legal counsel in federal cases and to construe the laws under which other Departments act. It is directed by the Attorney General.

Major sections within Justice Department are its civil, antitrust, civil rights, criminal, internal security and tax divisions. The latter acts as counsel for the Internal Revenue Service.

Attorney General: Elliot L. Richardson.

Phone: 739-2001.

Federal Bureau of Investigation, Pennsylvania Ave. at Ninth St. N.W. 20535.

Phone: 393-7100.

Investigates violations of federal law as the government's primary law enforcement agency.

Law Enforcement Assistance Administration, 633 Indiana Ave. N.W. 20530.

Phone: 386-4551.

Assists the country's various state and local governments with financial grants and technical help.



Immigration and Naturalization Service, 119 D St. N.E. 20536.

Phone: 547-9000.

Administers the nation's immigration and naturalization laws and operates the border patrol along our Mexican and Canadian boundaries.

Drug Enforcement Administration, 1405 I St. N.W. 20537.

Phone: 382-5216.

Aims to control narcotics and dangerous drug abuse through enforcement and prevention programs.

Community Relations Service, 550 Eleventh St. N.W. 20530.

Phone: 739-4006.

Aids local communities in resolving racial disputes.

Department of Labor, Constitution Ave. and Fourteenth St. N.W. 20210.

Main phone: 393-2420.

Formerly a bureau in the Department of Commerce and Labor, it was raised to Cabinet rank in 1913. The Department is charged with administering and enforcing laws designed to promote the safety, health and welfare of the wage earner, improve working conditions and advance opportunities for employment.

It is also in charge of federally financed manpower training programs. Many of its programs today are geared toward upgrading nonskilled or low-skilled labor. It has taken over a number of job training programs formerly under the Office of Economic Opportunity, such as operation of Job Corps facilities.

Its Wage and Hour Division administers laws pertaining to the minimum wage, 40-hour workweek and child labor laws. Its Bureau of Labor Statistics keeps a finger on the nation's economic pulse.

Secretary of Labor: Peter J. Brennan.

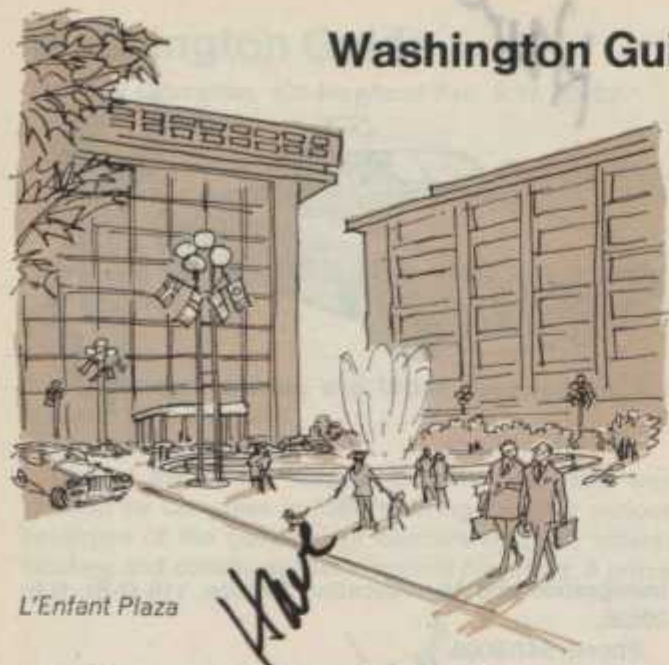
Phone: 961-2001.

Manpower Administration.

Phone: 393-2420.

Conducts manpower training programs and administration of the federal-state employment security system. Administers on-the-job training, apprenticeship and journeyman programs, U.S. Employment Service, Veterans Employment Service, Job Corps, Public Employment Program, unemployment insurance and the Work Incentive Program.

Washington Guide *continued*



L'Enfant Plaza

Labor Management Services Administration.

Phone: 961-5075.

Oversees veterans reemployment, pension and welfare plans, labor organizations and federal labor-management programs.

Employment Standards Administration, 711 Fourteenth St. N.W. 20210.

Phone: 382-7331.

Administers minimum wage and overtime standards, equal pay rules, job discrimination prevention and workmen's compensation programs.

Occupational Safety and Health Administration.

Phone: 961-3914.

Develops and manages on-the-job occupational safety and health standards.

Bureau of Labor Statistics, 441 G St. N.W. 20001.

Phone: 961-2221.

Provides economic and statistical research. Publishes "Monthly Labor Review," "Consumer Price Index" and "Occupational Outlook Handbook."

Department of State, 2201 C St. N.W. 20520.

Main phone: 655-4000.

The government's oldest Executive Department (its forerunner was established in 1775) was reconstituted in 1789 as it is named today and Thomas Jefferson became the first Secretary of the Department of State.

Its primary mission is to execute U.S. foreign policy.

Secretary of State: William P. Rogers.

Phone: 632-9630.

Agency for International Development, 320 21st St. N.W. 20523.

Phone: 632-9318.

Administers economic and social aid to developing countries.

Passport Office, 1425 K St. N.W. 20537.

Phone: 783-8200.

Issues passports to U.S. citizens for travel overseas.

Department of Transportation, 400 Seventh St. S.W. 20590.

Main phone: 426-4000.

This is the newest of the Departments, established in 1966. It was created for the purpose of developing national transportation policies and programs.

Secretary of Transportation: Claude Brinegar.

Phone: 426-1111.

United States Coast Guard.

Phone: 426-2158.

Carries responsibilities which include search and rescue, law enforcement on coastal waters, environmental waterway protection and water and boating safety education.

Federal Aviation Administration, 800 Independence Ave. S.W. 20590.

Phone: 426-3883.

Issues and enforces safety rules, regulations and standards relating to the manufacture, operation and maintenance of aircraft, airport planning and development. Also supervises registration of aircraft.

Federal Highway Administration.

Phone: 426-0677.

Administers federally aided highway construction programs.

Federal Railroad Administration.

Phone: 426-0881.

Supervises safety, development and research for rail transportation.

Urban Mass Transportation Administration.

Phone: 426-4043.



Subway between Senate offices and Capitol

Carries responsibility for development of mass transportation facilities, equipment, techniques and methods, including financial assistance for mass transportation systems.

St. Lawrence Seaway Development Corp., 800 Independence Ave. S.W. 20590.

Phone: 426-3574.

Operates and maintains the St. Lawrence River Seaway route to the Great Lakes in conjunction with Canada.

National Highway Traffic Safety Administration.

Phone: 426-0686.

Develops motor vehicle safety programs and testing.

National Transportation Safety Board, 800 Independence Ave. S.W. 20591.

Phone: 426-8787.

Promotes safety in all modes of transportation. Investigates major disasters—rail, highway, air, sea and pipeline. Makes recommendations only—has no punitive power.

Department of the Treasury, Fifteenth St. and Pennsylvania Ave. N.W. 20220.

Main phone: 393-6400.



Created by Congress in 1789, it has four basic functions:

Formulating and recommending fiscal policies.

Serving as the government's fiscal agent.

Manufacturing coins and currency.

Law enforcement.

Secretary of the Treasury: George P. Shultz.

Phone: 964-5300.

Office of the Comptroller of the Currency.

Phone: 964-2186.

Executes laws relating to national banks.

Bureau of Customs, 2100 K St. N.W. 20226.

Phone: 964-8195.

Supervises regulations governing travel into and out of the United States, as well as imports and exports. It is also active in narcotics and munitions control, and in preventing hijacking and pier pilferage.

Bureau of Engraving and Printing, Fourteenth and C Streets S.W. 20226.

Phone: 964-7514.

Designs, engraves and prints all U.S. paper currency, bonds, bills, notes, postage stamps and food stamps.

Office of the Treasurer of the United States.

Phone: 964-2016.

Supervises government payroll and the paying out of public moneys.

Internal Revenue Service, 1111 Constitution Ave. N.W. 20224.

Phone: 783-8400.

Administers and enforces the internal revenue tax laws.

Bureau of the Mint.

Phone: 964-5011.

Produces coins; manufactures and sells medals; processes and moves gold and silver bullion.

U.S. Savings Bonds Division, 1111 20th St. N.W. 20226.

Phone: 393-6400.

Promotes the sale and retention of U.S. savings bonds.

Bureau of Alcohol, Tobacco and Firearms, 1111 Constitution Ave. N.W. 20224.

Phone: 964-3530.

Collects revenues, suppresses traffic in illicit spirits, firearms and explosives.

INDEPENDENT AGENCIES

Action, 806 Connecticut Ave. N.W. 20525.

Phone: 393-3111.

Created in 1971, it draws together under a single administration a variety of volunteer-oriented organizations and programs. Among them are: The Peace Corps, Volunteers in Service to America (VISTA), Retired Senior Volunteer Program (RSVP), Active Corps of Executives (ACE), Service Corps of Retired Executives (SCORE), and Foster Grandparent Program.

Director: Michael P. Balzano Jr.

Atomic Energy Commission, Germantown, Md. 20545.

Phone: (301) 973-1000.

Supervises development, use and control of atomic energy, as well as licensing and regulation of civilian nuclear facilities.

Chairman: Dixy Lee Ray.

Civil Aeronautics Board, 1825 Connecticut Ave. N.W. 20428.

Phone: 382-6031.

Its major functions are to promote and regulate the civil air transport industry within the United States and between the United States and foreign countries. It grants routes, sets rates and fares, provides subsidies and supervises carrier accounting and reporting.

Chairman: Robert D. Timm.

Civil Service Commission, 1900 E St. N.W. 20415.

Phone: 632-5491.

Administers the federal government's merit hiring system.

Chairman: Robert E. Hampton.

Environmental Protection Agency, 401 M St. S.W. 20460.

Phone: 755-2700.

Handles protection of the environment through air and water pollution control; manages pesticides, solid waste and radiation programs; enforces environmental laws and standards.

Acting Administrator: Robert W. Fri.

Washington Guide *continued*

Equal Employment Opportunity Commission, 1800 G St. N.W. 20506.

Phone: 343-5621.

Receives written charges of discrimination in employment, holds hearings, seeks conciliation and, when necessary, refers cases to the Attorney General for legal action.

Chairman: William H. Browne III.

Export-Import Bank, 811 Vermont Ave. N.W. 20571.

Phone: 382-1168.

Aids in financing and facilitating exports and imports and the exchange of commodities between the United States and foreign countries.

President and Chairman: Henry Kearns.

Farm Credit Administration, 485 L'Enfant Plaza West S.W. 20578.

Phone: 655-4000.

Supervises activities of the cooperative farm

Federal Home Loan Bank Board, 101 Indiana Ave. N.W. 20552.

Phone: 386-5403.

Supervises the Federal Home Loan Bank system, the Federal Savings and Loan system and the Federal Savings and Loan Insurance Corp. Also, grants charters and supervises member institutions.

Chairman: Preston Martin.

Federal Maritime Commission, 1405 I St. N.W. 20573.

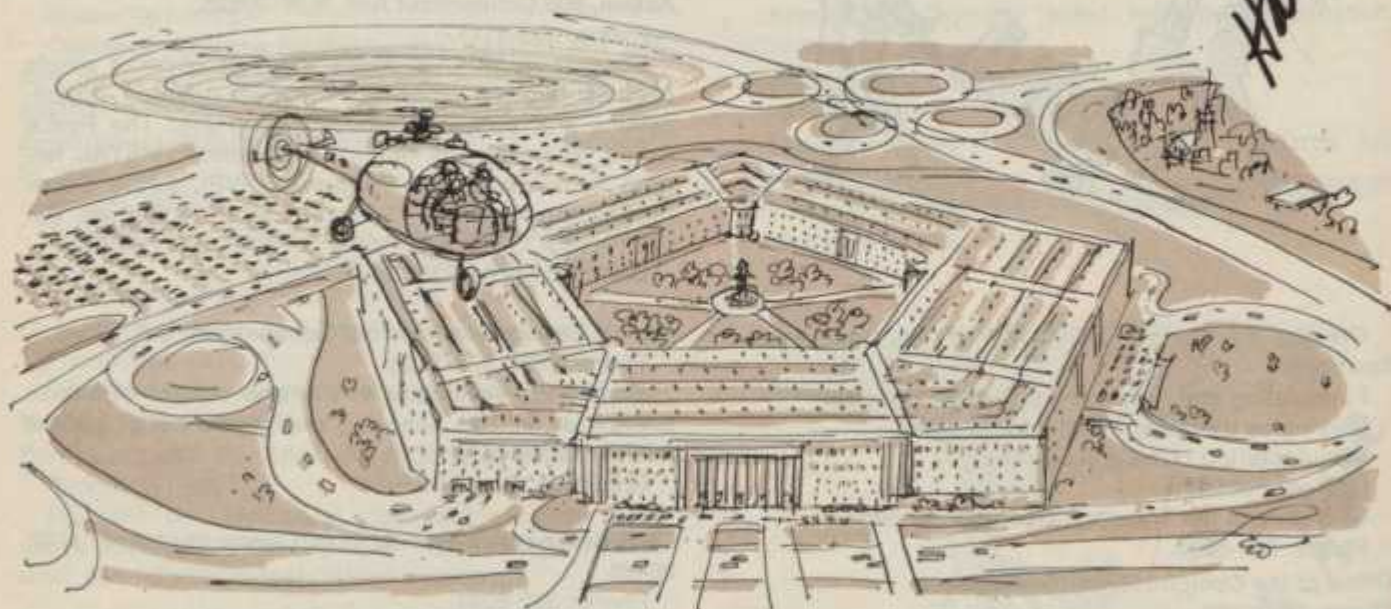
Phone: 393-3111.

Regulates waterborne shipping in foreign and domestic offshore commerce and licenses ocean freight activities.

Chairman: Helen D. Bentley.

Federal Mediation and Conciliation Service, Department of Labor Building 20427.

Phone: 393-7350.



Pentagon

credit system, the federal land banks, federal intermediate credit banks and banks for cooperatives.

Chairman: Millard F. Dailey.

Federal Communications Commission, 1919 M St. N.W. 20554.

Phone: 632-7260.

Regulates interstate and foreign communications by wire and radio, grants licenses and sets standards for radio and television broadcasting, cable television and international common carriers.

Chairman: Dean Burch.

Federal Deposit Insurance Corp., 550 Seventeenth St. N.W. 20429.

Phone: 393-8400.

Supplies insurance coverage for bank deposits.

Chairman: Frank Wille.

Mediates labor-management disputes affecting interstate commerce.

Federal Power Commission, 441 G St. N.W. 20426.

Phone: 386-6102.

Regulates interstate aspects of electric power and natural gas industries and licenses certain hydroelectric power projects.

Chairman: John N. Nassikas.

Federal Reserve System, 20th St. and Constitution Ave. N.W. 20551.

Phone: 737-1100.

The Federal Reserve banks maintain the currency within the United States through 12 Federal Reserve banks. Supervised by a Board of Governors.

Chairman: Arthur F. Burns.

Federal Trade Commission, Pennsylvania Ave. at Sixth St. N.W. 20580.

Phone: 962-7144.

Charged with preventing monopoly and unfair or deceptive trade practices. Hears complaints of price fixing, combinations in restraint of trade, boycotts, discrimination in price, exclusive dealing and tie-in arrangements and dissemination of false or deceptive advertisements. Enforces truthful labeling of domestic goods and supervises the registration and operation of associations of American exporters engaged solely in export trade.

Chairman: Lewis A. Engman.

General Services Administration, Eighteenth and F Streets N.W. 20405.

Phone: 343-1100.

GSA is the federal government's management arm. It constructs and operates federal buildings, preserves archives and records, disposes of surplus property and buys supplies and equipment.

Administrator: Arthur F. Sampson.

Interstate Commerce Commission, Twelfth St. and Constitution Ave. N.W. 20423.

Phone: 343-4141.

Regulates carriers subject to the Interstate Commerce Act in interstate transportation and commerce. Includes railroads, trucking, bus lines, freight forwarders, water carriers, oil pipelines and express agencies.

Chairman: George M. Stafford.

National Aeronautics and Space Administration, 600 Independence Ave. S.W. 20546.

Phone: 755-2320.

Conducts research to solve problems of flight within and outside the earth's atmosphere; develops, constructs and tests space vehicles; conducts activities required for exploration of space with manned and unmanned vehicles.

Administrator: James C. Fletcher.

National Foundation on the Arts and the Humanities, 806 Fifteenth St. N.W. 20506.

Phone: 382-4091.

Supports with financial grants the humanities and the arts.

Chairman, National Endowment for the Arts: Nancy Hanks. Chairman, National Endowment for the Humanities: Ronald S. Berman.

National Labor Relations Board, 1717 Pennsylvania Ave. N.W. 20570.

Phone: 254-9033.

Seeks to prevent and remedy unfair labor practices by employers or labor organizations and holds secret ballot elections to determine whether or not employees want to be represented by a union.

Chairman: Edward B. Miller.

National Mediation Board, 1230 Sixteenth St. N.W. 20572.

Phone: 343-8771.

Provides for the prompt and orderly settlement of labor disputes involving rail and air carriers.

Chairman: George S. Ives.

National Science Foundation, 1800 G St. N.W. 20550.

Phone: 632-7390.

Awards grants and contracts to universities and other research organizations to support research and education in all sciences.

Director: H. Guyford Stever.

Occupational Safety and Health Review Commission, 1825 K St. N.W. 20006.

Phone: 634-7960.

Attempts to ensure just and equitable enforcement of safety and health standards which are contested by employers and employees—or their representatives.

Chairman: Robert D. Moran.

Overseas Private Investment Corp., 1129 20th St. N.W. 20527.

Phone: 632-1804.

Provides incentives to U.S. private investors to encourage investments in some 90 developing nations and areas.

Postal Rate Commission, 2000 L St. N.W. 20268.

Phone: 655-4000.

Submits recommendations concerning postage rates, fees and mail classifications to the Postal Service.

Renegotiation Board, 2000 M St. N.W. 20446.

Phone: 254-8266.

Reviews and makes excess profit determinations on government contracts.

Chairman: Richard T. Burress.

Securities and Exchange Commission, 500 North Capitol St. 20549.

Phone: 755-4846.

Administers statutes designed to protect the interests of the public and investors against malpractices in the securities and financial markets.

Chairman: Ray Garriott.

Small Business Administration, 1441 L St. N.W. 20416.

Phone: 382-1891.



Kennedy Center



Georgetown

Counsels and assists small business; makes loans to individual concerns; licenses, regulates and makes loans to small business investment companies.

Administrator: Thomas S. Kleppe.

United States Information Agency, 1776 Pennsylvania Ave. N.W. 20547.

Phone: 655-4000.

Is responsible for disseminating information abroad to promote better understanding of the United States, its people and policies.

Director: James Keogh.

United States Postal Service, 1200 Pennsylvania Ave. N.W. 20260.

Phone: 783-3100.

An independent corporation headed by a Board of Governors that provides postal service to businesses and individuals.

Postmaster General: E.T. "Ted" Klassen.

United States Tariff Commission, E St. between Seventh and Eighth Streets N.W. 20436.

Phone: 628-3947.

Advises the Congress and the President on tariff, commercial policy and foreign trade matters.

Chairman: Catherine Bedell.

Veterans Administration, Vermont Ave. at H St. N.W. 20420.

Phone: 393-4120.

Administers laws providing benefits for military veterans, their widows and dependents.

Administrator of Veterans Affairs: Donald E. Johnson.

SELECTED COMMISSIONS

American Revolution Bicentennial Commission, 730-736 Jackson Place N.W. 20276.

Phone: 382-1776.

Recommends ways to commemorate the bicentennial of the American Revolution in 1976.

Consumer Product Safety Commission, 7315 Wisconsin Ave., Bethesda, Md. 20016.

Phone: 427-6327.

Studies, sets safety standards for consumer products with authority to ban those presenting unreasonable hazard.

President's Commission on Personnel Interchange, 1900 E St. N.W. 20415.

Phone: 632-6834.

Programs the exchange of young executives between business and federal Departments for better mutual understanding of the problems of each.

SELECTED MULTILATERAL INTERNATIONAL ORGANIZATIONS

Inter-American Development Bank, 808 Seventeenth St. N.W. 20577.

Phone: 393-4171.

Promotes the economic development of its 24 Latin American and Caribbean member nations.

President: Antonio Ortiz Mena.

International Bank for Reconstruction and Development, 1818 H St. N.W. 20433.

Phone: 393-6360.

Promotes reconstruction and development of member countries through loans, and participates in loans and investments made by private investors. Funded by member countries.

President: Robert S. McNamara.

Organization of American States, Seventeenth St. and Constitution Ave. N.W. 20006.

Phone: 393-8450.

An association of 24 independent Western Hemisphere countries working to strengthen the peace and security of the two continents.

Secretary General: Galo Plaza.



National Theater

When You're Not Working ...



Lincoln Memorial

TOURIST ATTRACTIONS

Washington is, of course, a city of monuments. As it is easy for visitors to get information on the monuments, memorials and shrines scattered throughout the metropolitan area, we are listing here only a few of the outstanding attractions.

Smithsonian Institution.

Phone: 628-4422. An ever-expanding collection which can only be termed one of the wonders of the Washington area. At present the Smithsonian is comprised of eight sites in the nation's capital. All are open seven days a week, 10 a.m. to 8 p.m.

The White House. Public tours are available daily here between 10 a.m. and noon. Your Congressman or Senator may be able to arrange an early morning V.I.P. tour for you, but you must write at least a month in advance and state the date of your visit and the number of persons in your party.

House of Representatives and Senate. Both chambers have visitors' galleries. Obtain a free pass from the office of your Congressman, in advance.

Feel free to visit the offices of your Congressman and Senators.

Three buildings house the Representatives, all on steeply sloping Independence Ave. on the south side of the Capitol. The Cannon Building, at the top of the hill, is the oldest; next is the Longworth Building; the

Rayburn Building, the largest and newest, is at the foot of the hill. Most House committees also have offices in these buildings.

The Senate has two office structures along Constitution Ave. to the north of the Capitol, the Richard B. Russell Building and the newer Everett M. Dirksen Building.

Most Senate committees, as well as all Senators, have offices in these buildings. A subway connects them, and the Rayburn Building, to the Capitol.

The main Capitol switchboard number is 224-3121; it can connect you with the office of any Senator, Representative or committee.

The Speaker of the House and the President of the Senate (the Vice President) have offices in the Capitol.

Tours of the Capitol start every half hour from the Rotunda, led by well-informed guides who describe the building's architecture, furnishings, art and historical significance.

Lafayette Square. An equestrian statue of Andrew Jackson, surrounded by shrubs and seasonal flowers, stands in this park in front of the White House. Facing the Square are the Decatur House, 748 Jackson Place, a restored house built in 1818 (open daily 10 a.m. to 4 p.m.), the Chamber of Commerce of the United States, 1615 H St. N.W., and historic St. John's Church Lafayette Square at Sixteenth and H Streets N.W. Nearby at 1651 Pennsylvania Ave. N.W. is Blair House, the President's guest house (closed to the public)

Washington Guide *continued*



Chamber of Commerce of the United States

ENTERTAINMENT

The Washington area is studded with recreational facilities. A few are listed.

The National Theater, 1321 E St. N.W., shows pre- and post-Broadway productions of major plays. Usually dark all summer. Box office: NA 8-3393.

The Kennedy Center, 2700 F St. N.W., houses four theaters under one roof:

Eisenhower Theater for stage plays.

Opera House for musical productions—ballet, operas, light operas, musical comedy.

Concert Hall for symphonic and popular music.

The American Film Institute Theater, which shows classic films the year around.

Tickets for the film theater are \$2. Tickets for the other three halls range from \$4 to \$12, depending on the attraction. Kennedy Center productions are often sold out, so call early for tickets.

Box office hours are 10 a.m. to 6 p.m., Monday through Friday; 10 a.m. to 9 p.m. Saturday; noon to 9 p.m. Sunday. Phone 254-3600 for ticket information.

Constitution Hall, Eighteenth & D Streets N.W., is used for musical evenings, solo performers and benefit productions. Box office: 638-2661.

Ford's Theater, 511 Tenth St. N.W., is where President Lincoln was fatally shot in 1865. It has been restored and now presents plays and musical productions. Phone 347-6260.

Across the street is the house where Lincoln died, open to the public.

EMERGENCY MEDICAL SERVICES

Your hotel, of course, will have a house doctor it can call for you.

Or you may wish to call the D.C. Medical Bureau, 223-2200. It will recommend a physician, set up a house call or arrange an appointment. Finally, there are major hospitals with emergency rooms, including:

George Washington Medical Center: 22nd St. and Pennsylvania Ave. N.W. (331-0200).

Georgetown University Hospital: 3800 Reservoir Road N.W., in Georgetown (625-0100).

Columbia Hospital for Women: 25th St. and Pennsylvania Ave. N.W. (293-6500).

Sibley Memorial Hospital: 5255 Loughboro Road N.W. (EM 3-9600).

Washington Hospital Center: 110 Irving St. N.W. (541-6135).

EMERGENCY LEGAL SERVICES

The D.C. Bar Association (223-1484) will recommend



an attorney in any specialty you need. Most hotels provide notary service.

TRANSPORTATION

Washington is in the midst of building a subway system; its construction crews are working at or near many downtown intersections. The subway is not expected to be in use, however, until 1975 or later, so until then you must make do with:

Cabs: Washington taxis do not have meters. They charge on a zone system. The basic charge per person

is 85 cents for the first zone; each additional person is charged extra. While a very long ride from the Capitol to a downtown location may cost less than a dollar; a ride from downtown to the suburbs will certainly be more than \$3.

Ask the driver what a trip will cost.

Buses: Are convenient for intown trips, but terribly inconvenient for traveling into the suburbs. Fare within D.C. is 40 cents, exact change only. A newly inaugurated downtown mini-bus criss-crosses the downtown business area. Fare: 25 cents.



Lodging

Here are some places at which to stay, in and around Washington. Room prices are minimums (as of last month).

Convenient to Department of State, World Health Organization, Federal Reserve, GSA and the Kennedy Center:

Howard Johnson's Motor Lodge, 2601 Virginia Ave. N.W. Single \$22; double \$26. Two blocks to the Kennedy Center, across the street from the offices, shops, apartments and hotel that make up the Watergate complex.

Watergate Hotel, 2650 Virginia Ave. N.W. Single \$30, double \$38. Convenient to Georgetown and Kennedy Center. Underground shopping mall, restaurants and lounge.

Convenient to the White House, Treasury, Commerce and Justice Departments, Executive Office Buildings, Veterans Administration, Chamber of Commerce of the United States, AFL-CIO headquarters, Corcoran Gallery of Art:

Hay-Adams, 800 16th St. N.W. Single \$34; double \$38. Close to the White House.

Sheraton-Carlton, 16th and K Streets N.W. Single \$26; double \$40. Close to the White House.

Statler Hilton, 16th and K Streets N.W. Single \$25; double \$28. Close to the White House.

Roger Smith, Eighteenth St. at Pennsylvania Ave. N.W. Single \$17.50; double \$26. Convenient to U.S. Information Agency, Executive Offices.

Washington, Fifteenth St. at Pennsylvania Ave. N.W. Single \$25; double \$30. Close to the Treasury and the White House.

Mayflower, Connecticut Ave. at DeSales St. N.W. Single \$26; double \$35. Close to Connecticut Ave. shops.

Convenient to HEW, HUD, NASA, Smithsonian Institution, Bureau of Engraving, Agriculture and Transportation Departments:

L'Enfant Plaza, 480 L'Enfant Plaza East S.W. Single \$24, double \$32. Brand new.

Convenient to Capitol Hill, House and Senate Office



Watergate Apartments

Buildings, Library of Congress and the Government Printing Office:

Capitol Hill, 301 First St. N.E. Single \$22; double \$24.

Quality Inn Capitol Hill, 415 New Jersey Ave. N.W. Single \$26; double \$30. Indoor pool.

Skyline Inn, 10 I St. S.W. Single \$22; double \$26. Outdoor pool. Public tennis courts across the street.

Convenient to Pentagon, National Airport in Northern Virginia:

Marriott Twin Bridges, Arlington, Va., end of Fourteenth St. Bridges. Single \$25; double \$30. (Also in this area of Northern Virginia are Marriott motor hotels at Key Bridge and in the Crystal City section. In addition, there is a Marriott at Dulles International Airport.)

Holiday Inn, Arlington, near Key Bridge. Single \$19; double \$23.

Ramada Inn Rosslyn, Arlington, end of Key Bridge. Single \$22; double \$28.

Iwo Jima Motor Hotel, 1501 Arlington Blvd., Arlington, one mile from Lincoln Memorial. Single \$20; double \$24.

Convenient to National Institutes of Health, Atomic Energy Commission and National Bureau of Standards, in suburban Maryland:

Bethesda Motor Hotel, 7740 Wisconsin Avenue, Bethesda, Md. Single \$16; double \$20. Pool.

Colonial Manor Motel, 11410 Rockville Pike, Rockville, Md., near NIH. Single \$14; double \$18. Pool.

Ramada Inn, 8400 Wisconsin Ave., Bethesda, Md. Single \$17; double \$21. Pool.

Washingtonian Motel and Country Club, Gaithersburg, Md., near AEC and Bureau of Standards. Single \$18; double \$24. Tennis and 18-hole golf course.

In the Georgetown area of Northwest Washington:
The Georgetown Inn, 1310 Wisconsin Ave. N.W. Single \$30; double \$37.

Other hotels worth noting include:

Dupont Plaza, Dupont Circle (where Massachusetts and Connecticut Avenues cross Nineteenth St. N.W.). Single \$23; double \$29.

Embassy Row, 2015 Massachusetts Ave. N.W. Single \$34; double \$38. Pool. Convenient to major embassies.

Holiday Inns, 20 locations in the District of Columbia, Maryland and Virginia, including one near Washington National Airport and one at outlying Dulles International Airport.

Madison, Fifteenth and M Streets. N.W. Single \$38; double \$46. Sauna and masseur available.

Sheraton Park Hotel and Motor Inn, 2660 Woodley Rd. N.W. Single \$26.50; double \$34. Pool.

Shoreham-Americana, 2500 Calvert St. N.W. Single \$22; double \$28. Pool.

Washington Hilton, 1919 Connecticut Ave. N.W. Single \$28; double \$39. Pool, tennis.

END

REPRINTS of "The Executive's Guide to Washington" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Price: \$1 each. Please enclose remittance with order.



The Lazy Man's Way to Riches

'Most People Are Too Busy Earning a Living to Make Any Money'

I used to work hard. The 18-hour days. The 7-day weeks.

But I didn't start making big money until I did less—a *lot* less.

For example, this ad took about 2 hours to write. With a little luck, it should earn me 50, maybe a hundred thousand dollars.

What's more, I'm going to ask you to send me 10 dollars for something that'll cost me no more than 50 cents. And I'll try to make it so irresistible that you'd be a darned fool not to do it.

After all, why should you care if I make \$9.50 profit if I can show you how to make a *lot* more?

What if I'm so sure that you *will* make money my Lazy Man's Way that I'll make you the world's most unusual guarantee?

And here it is: I won't even cash your check or money order for 31 days *after* I've sent you my material.

That'll give you plenty of time to get it, look it over, try it out.

If you don't agree that it's worth at least a *hundred times* what you invested, send it back. Your *uncashed* check or money order will be put in the return mail.

The only reason I won't send it to you and bill you or send it C.O.D. is because both these methods involve more time and money.

And I'm already going to give you the biggest bargain of your life.

Because I'm going to tell you what it took me 11 years to perfect: How to make money the Lazy Man's Way.

O.K.—now I have to brag a little. I don't mind it. And it's necessary—to prove that sending me 10 dollars... which I'll keep "in escrow" until you're satisfied... is the smartest thing you ever did.

I live in a home that's worth \$100,000. I know it is, because I turned down an offer for that much. My mortgage is less than half that, and the only reason I haven't paid it off is because my Tax Accountant says I'd be an idiot.

My "office," about a mile and a half from my home, is right on the beach. My view is so breathtaking that most people comment that they don't see how I get any work done. But I do enough. About 6 hours a day, 8 or 9 months a year.

The rest of the time we spend at

our mountain "cabin." I paid \$30,000 for it—cash.

I have 2 boats and a Cadillac. All paid for.

We have stocks, bonds, investments, cash in the bank. But the most important thing I have is priceless: time with my family.

And I'll show you just how I did it—the Lazy Man's Way—a secret I've shared with just a few friends 'til now.

It doesn't require "education." I'm a high school graduate.

It doesn't require "capital." When I started out, I was so deep in debt that a lawyer friend advised bankruptcy as the only way out. He was wrong. We paid off our debts and, outside of the mortgage, don't owe a cent to any man.

It doesn't require "luck." I've had more than my share, but I'm not promising you that you'll make as much money as I have. And you may do better; I personally know one man who used these principles, worked hard, and made 11 million dollars in 8 years. But money isn't everything.

It doesn't require "talent." Just enough brains to know what to look for. And I'll tell you that.

It doesn't require "youth." One woman I worked with is over 70. She's travelled the world over, making all the money she needs, doing only what I taught her.

It doesn't require "experience." A widow in Chicago has been averaging \$25,000 a year for the past 5 years, using my methods.

What *does* it require? Belief. Enough to take a chance. Enough to absorb what I'll send you. Enough to put the principles into *action*. If you do just that—nothing more, nothing less—the results *will* be hard to believe. Remember—I guarantee it.

You don't have to give up your job. But you may soon be making so much money that you'll be able to. Once again—I guarantee it.

The wisest man I ever knew told me something I never forgot: "Most people are too busy earning a living to make any money."

Don't take as long as I did to find out he was right.

I'll prove it to you, if you'll send in the coupon now. I'm not asking you to "believe" me. Just try it. If I'm wrong, all you've lost is a couple of minutes and an 8-cent stamp. But what if I'm right?

Sworn Statement:

"I have examined this advertisement. On the basis of personal acquaintance with Mr. Joe Karbo for 18 years and my professional relationship as his accountant, I certify that every statement is true."

[Accountant's name available upon request.]

Bank Reference:

American State Bank
675 South Main Street, Orange, California 92668

Joe Karbo

17105 South Pacific, Dept. 512-G
Sunset Beach, California 90742

Joe, you may be full of beans, but what have I got to lose? Send me the Lazy Man's Way to Riches. *But don't deposit my check or money order for 31 days after it's in the mail.*

If I return your material—for any reason—within that time, return my *uncashed* check or money order to me. On that basis, here's my ten dollars.

☐ Please send Air Mail. I'm enclosing an extra dollar.

Name _____

Address _____

City _____

State _____

Zip _____

© 1973 Joe Karbo



LESSONS
OF
LEADERSHIP
PART XCIX

C. William Verity of Armco Steel

Adapting to a new world

July 12, 1900, was a big day in Middletown, Ohio, then a community of 9,000.

Stores were closed, buildings were decorated and residents marched behind a band to Doty's Grove to welcome a new industry they had heard might eventually employ as many as 350 workers.

The plant to be built on a site across from the grove would be a steel mill, a development bound to have a profound impact on a small town.

A group of men in the metal roofing business in nearby Cincinnati had decided to set up their own plant to turn out sheet steel. Middletown's location on the Miami Canal offered low-cost shipping of raw materials in and finished products out.

Despite its regional nature and relatively modest capitalization, the founders prophetically named their enterprise The American Rolling Mill Co.

Today, as Armco Steel Corp., the firm so joyously welcomed to Middletown is a global, highly diversified company that is not only the nation's third largest steel company but has 100 manufacturing plants and other operations in 23 countries and has agents and distributors in another 70.

While steel accounts for 60 per

cent of sales, the company also makes equipment for the oil and natural gas industries; recreational vehicles; heavy construction equipment; and composite, nonmetallic materials for aerospace projects and a wide range of commercial applications. It also has subsidiaries offering leasing, financing and insurance services.

At the head of that far-flung operation, with annual sales of \$2 billion and 50,000 employees world-wide, is C. (for Calvin) William Verity Jr., chairman and chief executive officer and the third generation of his family in the front office of Armco.

His grandfather was the company's principal founder and first president. His father was executive vice president.

But Bill Verity didn't just step into the top job. For a while, in fact, he didn't plan on joining the company at all. And when he did, after Navy combat duty in World War II, he spent 19 years working his way up through the organization. He was named president and chief executive officer in 1965, and chairman in 1971.

Now 56, Mr. Verity directs a company with a reputation for pioneering both in steelmaking and labor relations. It is still headquartered in Middletown, today a thriving community of more than 50,000.

His interests go beyond steel and Armco's many other activities to service on the boards of other companies, the board of directors of the Chamber of Commerce of the United States, the chairmanship of the board of governors of Ford's Theater Society in Washington, D.C., and a continuing campaign to convince college students that business can be an exciting and rewarding career.

He's also a believer in getting away from it all: "You've got to do it. I play a lot of golf and tennis, I love to fish. My favorite sport is bird hunting. I have some bird dogs and I find it very fascinating and relaxing to chase a bird dog all day long, forgetting about the world."

And, he says, "I have a very fascinating family. We like to do things together." The Veritys, who have two sons and a daughter, are building a vacation retreat in Colorado as a base for a treasured joint activity, skiing.

Their older son is in banking in New York City; their younger one is still in college and thinking about a career in architecture. Their daughter, married, lives in Denver.

Mr. Verity talks about himself, his company and his industry in this interview with a NATION'S BUSINESS editor:

Lessons of Leadership: C. William Verity *continued*

Steel has always had an image different from most other businesses—tough people doing a tough job. Does a man need different qualities to run a company making steel than he does, say, one making computers?

I wouldn't think so. The function of management is to get things done through other people and I imagine if you are running a computer company or a steel company you have the same problems trying to manage and motivate them.

And of course there has been a tremendous change in the type of people in the steel industry.

What kind of change?

People today are so much better trained, have a much broader outlook, are more independent.

They want to participate in evaluating the work assignment they are given, to be sure it's worthwhile. This is true whether the guy is in the plant or is one of our officers. They want to know what it is you are trying to do, why you are attacking the problem the way you suggest. If they have some ideas about doing it better, they want to have an opportunity to tell you.

The real test of management today is whether you can encourage and stimulate these people who want to feel they are making a real contribution.

There has also been a change in the way the industry deals with the press and the public. We have adopted a positive, forthright approach, have made ourselves available to answer questions and explain what anybody wants to know about what we are doing or trying to do.

What is your basic approach to your own job?

We manage by objectives. Every year, each of the 110 people in our general management group—they have responsibility for a major operation or function—sets objectives for the coming year. Don Reichelderfer, our president, and I go over them every December and approve those we think are worthwhile, stimulating, challenging objectives.

Every month during the following year, these managers report on how they are doing against their goals.

We believe this is the best way to run a company because you have a commitment from each manager as to what he is trying to do and you also have his monthly reports. If he is doing well, there's no problem. If he is not, we try to provide him with people—financial people, engineering, commercial, technical, or whatever—who can help.

We think we have at Armco an *esprit de corps* that is quite unusual. Our management team has great loyalty to each other. We don't have a lot of the backbiting that seems to go on in many other companies.

We hear a lot of suggestions today that management should set up "dialogues" with employees to improve communication. Armco sort of got a head start in this area, didn't it?

We started it in 1904. The company was very small then, of course, and the men running it began an advisory committee program.

The manager of the plant would meet regularly with one representative of each department, find out what the beefs were, what was bugging the men, and then do something about it.

Did it help your labor relations?

The men helped the company through many tough problems, and we believe the present attitude of co-operation stems at least in part from these early efforts.

We were the first steel company to go on the eight-hour day, the first to have life insurance for employees, and among the first to put in an organized safety program. We pioneered in putting in a full medical program; the whole works—dental care, major medical, everything.

What is the significance of the no-strike, voluntary arbitration agreement the industry has signed with the United Steel Workers?

It shows that both the union and the companies have entered a new era of mutual trust.

Both sides over the years have developed a better understanding. We know that when they make a statement, they can document it. And they know that when the companies say they can only afford so much, it is a matter of economics—and they

understand that. At the same time, we recognize that the union is going to fight for its members, and they recognize that the companies are going to fight for their interests also.

Under this agreement, there will be a wage increase on Aug. 1 for each of the next three years, plus a cost of living escalator, and there will be a bonus for every worker next year for settling on this basis.

And we are saying to them: "You can come in with whatever else you want. We will bargain. If we can't agree, we will have an arbitrator tell us what he thinks is proper."

The union is very powerful nationwide and can shut down our plants any time it wants. There are strike benefits, and various kinds of government aid to the union. That means a strike can be very long.

When a strike threatens, our customers start stockpiling or ordering from foreign companies. Their inventories become very large and during this buildup our plants run full. When the strike deadline is passed, there are no more orders until the stockpile is gone. This takes three to six months, during which time our employees are laid off and the companies lose money.

That happened in 1971 didn't it? The union won a big wage increase but there had been so much hedge buying because of the strike threat that orders fell off?

I think that experience helped bring about this agreement. Some people were laid off in July and didn't get back to work until the following February or March and even later.

That was more unpaid vacation than they or their families wanted.

Given your family background, was there ever any question you would do anything but go into the steel industry?

I never had any intention of going into steel. I wanted to be a newspaperman.

That's a surprise. Would you tell me about it?

I was business manager of the campus newspaper at Yale and when I graduated my objective in life was



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Lessons of Leadership:

C. William Verity *continued*

to run a newspaper. I had an uncle who ran a weekly in Lawrenceburg, Ind., that also covered the town of Aurora. I planned to go to work for him.

We had dreams of making something big out of the paper; we would have a chance to express our opinions, really have some fun with it.

Did you ever get to Lawrenceburg?

No, I got interested in the advertising business. I knew Chet LaRoche, who was then president of Young & Rubicam, and he asked me to go to work for him. So I went to New York to try it. Chet, incidentally, is now chairman of the National Football Foundation and Hall of Fame.

How long were you in advertising?

I'd only been at Young & Rubicam two weeks when Chet called me into his office one day and asked: "How would you like to learn the merchandising business very fast?" I said I'd like to learn anything very fast.

It turned out he was one of several owners of a Viennese restaurant in Manhattan which had been losing money hand over fist, though its books didn't show it.

An accountant discovered that the guy who had been running the place had been making things look good by upping his inventory every month.

So Chet asked me if I'd like to sit around and act like the manager, even though I didn't know anything about running a restaurant, until they could find somebody who did. I stayed there a year and it was one of the most fascinating periods of my life.

Then I eventually went into the Navy, and after the war I joined Armco.

What changed your mind about going into steel?

As you know, my family was very much involved in Armco and I think any young man resists going to work in a company with family connections like that. But when you spend time in the Navy during a war you begin to think more about fundamentals, and when I got out I really did want to work for Armco and see what I could do.

What was your first job with the company?

At the Middletown works, our biggest plant, in various labor relations jobs and then in the safety department—which got me to all parts of the mill.

Then for several years I was assistant to the officer who did all the personnel work, handled grievance procedures and did the labor negotiating. After that, I went to our Ashland, Ky., plant and did labor relations and personnel work there before becoming assistant to the works manager, a job in which I had responsibility for all the staff functions of the plant.

Then I came back to Middletown, where I was put in charge of organization and planning at a time when we were changing the guard. A number of management men had been with the company all their lives and were well past 65.

We had just put in a mandatory retirement program which meant that those people had to retire in a year or two and that everybody would leave at age 65 from then on.

So that was a very interesting assignment for me, one in which I really learned a tremendous amount about the company and people in it. We had to identify and train many guys who had never been managers, but who had been sales people, financial people and operators, to take over those management jobs.

We developed programs to train people to be true professional managers, and we continue to train all our managers in these concepts.

Has being a Verity raised problems for you during your career?

Constant problems. People are very dubious about whether you have any ability, so you have to prove that either you do or you don't. Many people feel you have got it made automatically.

But on the other hand, people up and down the line have helped me, have been eager to give me whatever information they had. So it's a mixed bag. It's not a course I'd recommend to either of my sons. I haven't encouraged them to work for Armco.

You have made the statement that it



wasn't until 1958 that "the steel industry joined the world of reality." What did you mean?

From 1940 to 1958, the steel industry rarely had to worry about anything but production, first for the war effort and then for postwar rebuilding not only in this country but in Japan, Europe, every place. We didn't have to go out and really sell steel.

Our customers came to Middletown, Ohio, and pleaded: "Will you sell me another ton?" We were order takers.

That all ended suddenly in 1958. We went into a recession and people didn't need our steel. When we came out of it, we found that the aluminum people, the plastics people, the glass people, the European and the Japanese steelmakers, had all been courting our customers and telling them that we American steel men were dismal people, that we weren't coming up with new ideas. Consequently, our customers tried other materials, and also tried foreign

Done



Armco's chairman in a light moment with other trustees of Middletown Giant Step, Inc., a community project to help improve run-down housing occupied by families or individuals without resources to do it alone.

Mr. Verity and his wife Margaret outside their home in Middletown. "She's a great wife," Mr. Verity says. Their three children are grown—the youngest is in college—but the family gets together often. "I'm afraid we're quite normal," he says with a touch of pride.

steel. We found we had to change our way of doing business.

How did you go about changing it?

We had to learn to market, to find out how to make steels that could better compete with aluminum and plastic applications. We had to learn to tell General Motors: "Look, you guys are on the wrong track; that plastic really doesn't serve your needs as well as this steel we just developed would."

This was a brand new world for the steel industry.

We had to learn things about Washington, too. For a long time we thought that confrontation was the way to deal with Washington. After all, we figured, we were the steel industry—we had a lot of clout.

Did you have it?

Hell, we found out we had no clout at all. We had to learn that Washington was where things were decided and that Washington is not going to decide anything in your favor unless they understand your problem, be-

lieve you, know you, feel the decision is in the national interest.

The steel industry had been inward looking. Almost every company president up to then had been an operating man. Suddenly we were confronted by totally different problems and it took different types of people to solve them.

In the last 15 years, we have developed a new breed of manager who is a lot more aware of our country's overall problems, and we have spent a lot of money getting our plants completely modernized.

What's been the result of all that change?

We are at the point now where I think we are going to become a profitable industry again. It's been a long, hard row.

Your industry needs huge amounts of capital to expand and to meet environmental requirements. Will you get it?

I happen to think that the capitalistic system is still alive. Wherever

there is a challenge, the American people meet it. Steel has several challenges that require capital. We have to build additional facilities to take care of this country's steel needs and to solve the remaining environmental problems. We also may want to expand so that we can start exporting steel now that American steel is very competitive in world markets.

Because of inflation in Europe and the devaluation of the dollar, steel is now almost what could be considered a world commodity. The price is about the same world-wide. Foreign steel is no longer \$50 a ton under the American price, but in many cases is much higher.

What you are going to see is a steel industry that is adapting to this new world. Consortiums of domestic companies will build joint facilities to save capital and in doing so develop an economy of scale that will make our steel even more competitive any place in the world.

What kind of joint ventures do you have in mind?

For example, five domestic companies that are now in a joint venture to obtain iron ore might take a step further and make semifinished steel at one very large plant with the biggest blast furnace and biggest coke ovens you could build.

You would only need to provide an energy supply to one place, and you could build it so it would be completely pollution free. Each company would then take the steel back to its own plants for finishing for its own markets.

Does this sort of thing raise antitrust problems?

We would not be doing it to reduce competition, which the antitrust laws are intended to prevent, but to make American steel companies more competitive in world markets. Our antitrust laws are going to have to be changed to accommodate the new world.

My own feeling is that the Justice Department would have no problem when it recognized what we really are trying to do.

Critics of America's steel industry say it has lagged in technology and in

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TEST YOUR RETIREMENT IQ

1. What per cent of persons starting to work at 20 will live to age 65?
A. 69% B. 79% C. 89%
2. What is a man's life expectancy at age 65?
A. 13.1 yrs. B. 10.8 yrs. C. 7.2 yrs.
3. How much will it cost a man of 65 to buy an immediate annuity paying him \$500 a month for life?
A. \$42,000 B. \$52,000 C. \$62,000
4. Since 1965, how much has the purchasing power of the dollar declined?
A. 18% B. 28% C. 38%
5. What per cent of employees in private industry are covered by private pension plans?
A. 50% B. 60% C. 75%
6. How many retired workers are receiving private pension benefits?
A. 4,000,000 B. 6,000,000 C. 8,000,000
7. What amount of money is being paid to retired employees by private pension plans?
A. \$6 billion/yr. B. \$8 billion/yr. C. \$10 billion/yr.

The huge growth of private pension plans is one of American's most recent and greatest success stories. But, like all human institutions, the private pension system isn't perfect. So, we're near a national moment of truth that will affect everyone's future economic freedom and well-being. The 93rd Congress is expected to pass new private pension laws this year or in 1974. Will these laws increase or decrease your opportunity to get a good private pension? Will they strengthen or cripple our voluntary private retirement plans? The subject is complex. Everyone knows what a pension is. But, there is a lot of misunderstanding about private retire-

ment income. There is a need to separate facts from myths. A four-page brochure put out by the National Chamber presents the story of private pensions in simple terms. To check your answers to the Retirement IQ test and to learn the facts about private pensions, send today for the brochure. Will there be . . . A PRIVATE PENSION IN YOUR FUTURE?

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Lessons of Leadership: C. William Verity *continued*

controlling pollution. How do you reply?

Well, steel technology throughout the world is basically American.

We are far ahead of any of our competitors abroad in developing new types of steel. Very little of this kind of research is done in Europe and Japan, but the sophisticated American customer is constantly making us produce lighter steels, stronger steels, steels with different coatings, steels for different applications.

When we develop these products, foreign companies license them from us. Of course, some foreigners have come up with some very good process technology, too.

As for pollution, I am very proud of what the American steel industry, particularly our own company, has done to control it.

In 1966, Armco committed itself to eliminate major pollution problems by 1971 and we kept that schedule. We still have some problems, because the government keeps changing the standards. The 1970 clean air law and the 1972 clean water law created a new ball game. But we are committed to meeting the new standards, and we will, though we are going to need a little more time than the laws presently allow.

We can't meet some of the 1975 requirements but we probably could if the deadline is pushed back to 1977. Our feeling is that there will be a more reasonable approach to solving environmental problems when the public realizes first, they have to pay the bill, and secondly, they have to make a judgment on whether the benefits are worth the cost.

We hear a lot about recycling materials. Isn't this an important activity in steel?

Very definitely. Few people recognize what a tremendous amount of recycling the steel industry does. At Armco, we buy about two million tons of scrap a year, much of it automotive scrap. In fact, our company alone recycles the equivalent of a million automobiles a year, so there are that many fewer junked cars cluttering up the landscape. And you can imagine how many of these eyesores are recycled by the entire steel industry.

Both you, personally, and your company maintain close contacts with young people, particularly on campuses, don't you?

I suppose we're a little nutty on this at Armco. I spend an awful lot of time talking to students who know very little about the challenges and excitement of the steel business.

Some of their professors, who have never been in industry, who have never seen a steel plant, fill them full of a bunch of junk. They tell them that the people in steel are nothing but big polluters who care only about profits, that steel workers are nothing but clock punchers who have no challenges. So the students decide that if they want to do something for humanity, they should go into the Peace Corps or into government.

I try to tell them there is excitement in the steel business, where things are really done to provide what people want. I point out that we don't have people doing backbreaking jobs of rolling steel anymore. We have young experts running computers, and the computers run the mills. These experts are really turned on trying to find better ways to run the mills so that, for example, there is never a cobble.

What's a cobble?

A cobble is a wreck—when you are putting material through a mill, and something goes wrong and the whole thing begins to fly apart. Your steel is going like hell, 5,000 feet a minute, and something goes wrong so that instead of going onto a coiler, for example, the steel starts to go all over the place and everything has to stop. You have to pick up that steel and scrap it.

There are also opportunities for research and for marketing in our industry. Armco puts a young man directly into a product line, like farm machinery, and has him learn all about that one subject. In six to nine months he is our expert on farm machinery, the guy who tells us how we can penetrate that market.

I've probably spent too much time in this youth area, but one result is that a lot of bright students want to work for Armco. What you put in at the bottom today is what is going to be running your company 25 years

from now. If you have really creative, bright young people coming into your company today, you don't have to worry about the future.

What about the Armco Student Design Program?

That has two objectives. One is to achieve a rapport with students in design and engineering studies and to get them to think about coming to work for us. The other is to allow students to work on real life problems, not just theoretical classroom ones.

Every year we select a particular topic—environment, transportation, energy, oceanography, for example—and go to the design and engineering schools of four colleges. We give the students all the information we have on the topic, and the students individually and in groups then start doing their own research, trying to develop new ideas and new equipment for solving problems related to the subject.

Some fabulous things have come out of this.

What's a good example?

Our Student Design Program on transportation triggered the effort for the first heartmobile in this country.

Some students at the University of Cincinnati found in their research that many people died en route to the hospital after suffering heart attacks. They reasoned that a lot of lives could be saved if, in effect, you could bring the hospital to the patient. They designed an ambulance that would have the equipment an emergency room had, and a communications system to let a doctor at the hospital give instructions to the ambulance attendants.

This is our challenge, to involve these young people in what business is capable of doing, so they can see how the system actually works. END

REPRINTS of "Lessons of Leadership: Part XCIX—C. William Verity of Armco Steel" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

May 28
8-2-73

ABC's of Interviewing an Executive Job-Seeker

If you don't want the good ones to get away, you have to be an expert at talking and listening to the candidates for those managerial openings

Handwritten signature



Fit ideas together

Gregory Moon and Loman Mundle sat staring blackly into their cups of equally black coffee.

They had been friends for years and sometimes met for lunch at the sandwich shop wedged between their two giant office buildings. Both were competent, industrious executives in their late 30s who had, about two months earlier, separately reached the conclusion that it was time to look for new positions.

Mr. Moon had become bored with his work. Mr. Mundle felt there was no more room for advancement at his company.

Now their prospects for change looked dim.

Mr. Mundle stirred coffee that didn't need stirring. He watched the rings form, and when he lifted his spoon out of the cup, the liquid kept swirling.

"I can't understand it," he said finally. "I was so sure that outfit was the one for me. But the man took one look at my resumé, and talked the rest of the time about how great his firm was. I never had a chance to make any points for myself or to ask him much of anything. If that's the way they operate, who wants to work there?"

"I haven't had a decent interview yet," said Mr. Moon. "One man kept me waiting for a half hour, and the interview lasted about 20 minutes. And another guy kept questioning me about my childhood. I wonder what's the matter with me."

There was nothing the matter with Gregory Moon, or with Loman Mundle. The problem was that the interviewers didn't know how to interview—a not uncommon malady in the world of executive hiring.

The employer's task is difficult. If the position that needs filling is important, those cold feet and clammy hands might well be on both sides of the office door.

DONALD F. DVORAK, author of this article, heads the executive recruiting services of Peat, Marwick, Mitchell & Co., an international CPA and management consulting firm. He is based in its Chicago office.

Here are a few hints, based on years of experience as a recruiter, for the employer who finds interviewing job-seekers at the executive level an unfamiliar task.

Get ready, get set . . .

First, prepare for the interview. Review the specifications for the job. Compare them to information in the executive's resumé and to preliminary reference data prepared by a recruiter—if you have used one. Note areas of strength, apparent limitations or lack of information. These are areas you will want to probe.

Also, review material you'll want to present about the opportunities in your organization. Remember, if this executive turns out to be your choice, you must sell him on the job.

Overemphasis on either the problems to be solved or the potential for growth may be poor strategy. A balanced, realistic presentation is best.

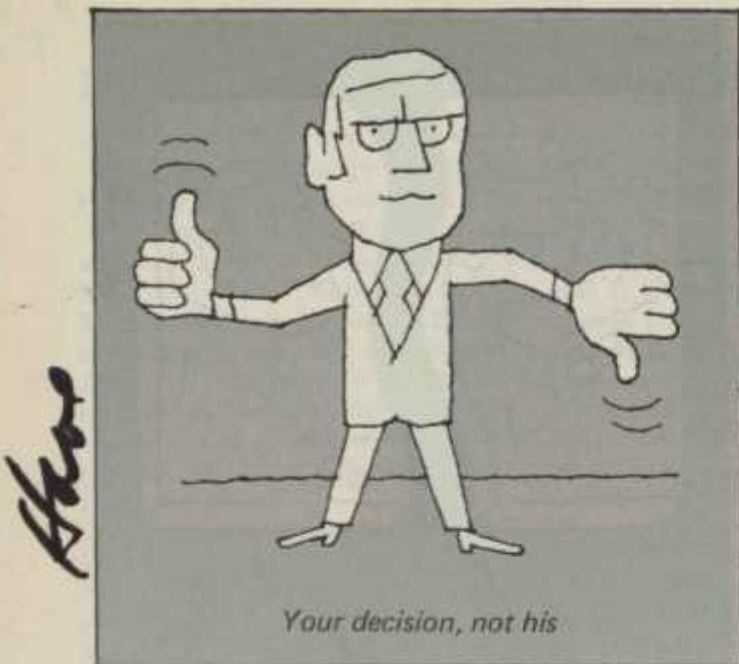
If this is the first executive you will interview in the search, you may wish to ask the recruiter to sit in with you. (You may even wish the recruiter to orchestrate the discussion—after all, he's an expert at doing this sort of thing.)

When the candidate arrives for the interview, don't keep him cooling his heels in the reception room while you burn up the telephone. Presumably, this is an important meeting and you should be able to spend one to three hours in uninterrupted discussion.

If there is an unavoidable delay in showing him in—more than 15 minutes—send your secretary out to give him an honest explanation and, if he chooses, something to read about the company such as recent corporate news releases or an interim report.

Go!

When the candidate is ushered into your office, it's important to remember not to do all the talking. He is interested in the company and your personal views, but your prime object is to find out about him. For a guide-



line, try to see to it that he talks 60 per cent of the time and you, 40 per cent.

Start things off with some light conversation.

Placing the candidate at ease is very important, though this introductory chat should not cover more than a few minutes. Any one of a thousand subjects may be discussed—such as the morning news, the trip to the office or the Dow Jones average.

Next, get the candidate to present his background.

To help him start talking, ask appropriate questions which generally require more than a yes or no answer. For example, don't ask: "Are you willing to make decisions?" but rather: "Tell me about the XYZ Co. acquisition. How did you decide the deal was a good one?"

Analyze his answers. What might he have said that he didn't?

In general, stay away from pretending you are a Freudian psychoanalyst by asking questions about childhood experiences, sex and so on. If you want this kind of data, let a licensed professional try to get it. Keep the interview within the bounds of your professional skill.

When you discuss your organization, don't conduct a "travel lecture." Ask the candidate what he would like to know about the company and the position. But don't forget to cover the key points you have prepared for presentation.

Let the dialogue lead into a free interaction of ideas. Here is where you can see what he thinks about issues that are familiar to you.

By the end of the meeting, you should have reached some conclusion about the candidate's capabilities in four basic areas:

- Work performance and technical knowledge.
- Education, training and analytical ability.
- Personal development and presentation.
- Motivation and growth potential.

He may be overqualified in certain aspects and mar-

ginal in others. Your decision must be made on the individual as a whole.

If compensation comes up, it is a good idea to remain uncommitted to a specific figure. Give yourself the option to negotiate later. But leave the candidate with the idea that the compensation problem can probably be resolved to your mutual satisfaction.

The finish line

One of the hardest things for some executives to do is gracefully end what has been a stimulating discussion.

Don't just let it run down. Avoid that awkward pause where you look at each other and wait for each other to say something.

You want to be in the position of accepting or rejecting the candidate—not being rejected by him—and you can only do this if he leaves your office wanting the job.

Tell him you want to think over your meeting, and suggest he will want to do the same. Say that you probably will want to get together again if you both have a positive reaction after thinking things over.

Finally, promise him that the executive recruiter or you will be in contact with him by a given date and, above all, keep your word.

Nothing is more insulting to an interested candidate than late or no feedback. And you never know when business may throw you together again. After all, on more than one occasion an executive has discovered in later years that his new boss was a man he once interviewed.

END

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PANORAMA of the nation's business

By VERNON LOUVIERE
Associate Editor

The Double Life of C.P.A. Matthews

When Theresa Matthews was being considered for a certified public accountant's job with Laventhol Krekstein Horwath & Horwath, the large accounting firm was faced with some unusual problems.

First, there was the question of whether clients would accept her. Then, there was the matter of how to address her. Finally, she could not accept a salary.

But these and other out-of-the-ordinary aspects of her employment were resolved and she was hired by the Philadelphia-based firm.

C.P.A. Matthews is better known as Sister Timothy, a nun of the Roman Catholic order of the Sisters of Mercy. In Chicago, where she works, she lives in two worlds. Evenings, and on days off, she fulfills her religious duties at a South Side convent where she lives. Weekdays, she is the complete business woman, calling at banks, factories, hospitals and other clients of the accounting firm.

When Bernard H. Ross, one of the firm's partners, hired the new C.P.A.,



Sister Timothy (left) starts another day as a busy Chicago C.P.A.

he said: "Sister, the only thing I'm going to have to say to you is that if we take you on, there will be no favoritism." She replied: "If you said there would be, I wouldn't want the job because I wouldn't be comfortable."

Sister Timothy, who has done financial work at health institutions run by her order and plans to return to one

of them, took the job so she will be better equipped for such work. LKHH, which is extensively involved in the health care field, hired her because of her previous hospital experience.

The firm let Sister Timothy decide whether she would work dressed in a nun's habit or in secular clothes. She chose the latter. Asked how she wanted to be addressed, she said she preferred "Sister."

Since she lives under a vow of poverty, all of Sister Timothy's salary is turned over to her order. The order, in turn, gives her an allowance for a car, clothes and other essentials.

When she was hired, says Mr. Ross, no one was willing to predict how clients would react. There was no precedent, in the firm or in the accounting profession, for hiring nuns.

Sister Timothy has been fully accepted by the firm's clients as well as by her colleagues. Recently, a fellow C.P.A. in an adjoining office almost lost his temper over an erratic adding machine.

He leaned over his cubicle and said: "Sister, I hope you know that your presence modified my manner of speaking." She laughed and replied: "It shouldn't have." •

Saving Energy and Money, Too

Montgomery Ward & Co. is recruiting the help of American consumers to do something about the energy shortage—and save money in the process.

It has asked the nation's retailers to tell consumers more about how various gas and electric appliances use energy and how to operate them at the lowest cost.

To push the campaign, all of Montgomery Ward's hundreds of stores have attached eye-catching red, white and blue tags to the home appliances they sell. These tags give simple tips on how to get the most performance with the least amount of electricity or gas.

Additionally, the company is distributing one million brochures offering 65 homemaker tips ranging from how to avoid wasting hot water in a washing machine to how to get maximum efficiency out of a vacuum cleaner.

"There is no doubt that not only are the days of flagrant disregard for use of our energy resources gone, but that we had better begin approaching this matter on a basis not dissimilar to a wartime footing," says Edward S. Donnell, Montgomery Ward's president and chief executive officer.

"I am not known as an alarmist. But this time, the numbers . . . speak for themselves. American housewives can save billions of kilowatts daily by using appliances prudently and by shopping for them with more discrimination."

Energy consumption is a national problem that cannot be solved by government regulation alone, Mr. Donnell stresses. Rather, he says, it will require lots of voluntary action through education and cooperation. In a recent talk to the American Retail Federation, he said:

"We in retailing are in an ideal position to exert the kind of leadership with manufacturers and consumers that will get the job done."

"We are a highly competitive industry. All of us have been observing and evaluating the same trends, the same forces, in the marketplace. Consequently, I know we agree that in this fast-moving industry, the retailer who is not a sincere practitioner of consumerism simply is not going to survive." •

continued on next page



In 20 years, U.S. Steel has built a bustling city in Venezuela where once there were only a few thatched huts like this one.



Building a City in the Wilderness

Deep in the interior of Venezuela, on the banks of the fabled Orinoco River, lies a gleaming new city of 160,000 inhabitants—Puerto Ordaz, a monument to American enterprise.

Twenty years ago, there was nothing but an occasional thatched hut to suggest human habitation. Across the river lay the sleepy little colonial village of San Felipe, whose dwellers barely eked out a living.

But for miles around, under gentle, rolling plains, the earth contained great mineral wealth—two billion tons of the world's richest concentration of high-grade iron ore. U.S. Steel Corp., which has a 50-year mining agree-

ment with the government of Venezuela, decided to build a city there in 1952. The firm had the choice of erecting just a company town, or an attractive community that would appeal to noncompany workers as well. It chose the latter.

Houses were built on every other lot to leave homesites for future residents.

That space is already needed. Because of cheap hydroelectric power, Reynolds Metals has built a huge aluminum plant in Puerto Ordaz. And the Venezuelan government has erected a steel mill employing thousands of workers.

City planners from Harvard and the Massachusetts Institute of Technology designed the city. It has a modern hospital, well-equipped schools, an air-

port, churches, shopping centers and an excellent street and highway system.

The iron ore, brought in by train, is crushed there and loaded aboard giant ocean-going ore carriers bound for the United States. U.S. Steel has just completed in Puerto Ordaz the world's only iron briquet plant, which turns out ingots with 86.5 per cent iron content.

By Venezuelan law, 75 per cent of all workers in foreign-owned businesses must be nationals. In Puerto Ordaz, and at a mining site near it, only 59 of the 2,400 U.S. Steel employees are Americans, approximately 2.5 per cent.

Puerto Ordaz is designed to accommodate 450,000 inhabitants—a population it expects to reach in 25 years. •

Better Health— Through Comic Books

Puppet shows, comic books and other simple means of communication are being tried in a unique pilot program to bring health education to disadvantaged people.

Sponsored by The Upjohn Co., a major pharmaceutical manufacturer, the program was put together by a team of leading health educators.

Field tests are concentrated in Northside, a community of 18,000 blacks in Kalamazoo, Mich., and among a larger number of Chicanos and Indians in various parts of New Mexico.

"We expect the program to break new ground in health education in the United States," reports Preston S. Parish, vice chairman of Upjohn's board. "Our research has established not only that there are no similar programs anywhere in the country, but also that they are urgently needed."

A major goal of the program is to motivate disadvantaged persons, many on welfare, to improve their health by their own efforts and to equip them with the knowledge to do so.

Some in the field test areas have been hired to determine their neighbors' attitudes toward doctors and hospitals—as well as to learn what health problems concern them most.

It is not unusual, for instance, to

find Indians who regard hospitals as a place to die in, instead of a place in which to be healed.

No less a problem is to find better ways for doctors and other health specialists to communicate effectively with the disadvantaged and to understand their diverse cultural backgrounds.

In an early phase of the project, Upjohn used puppet shows to teach Indian children proper tooth-brushing techniques. Simple health hints are being conveyed in comic books. Videotapes will also be used extensively.

If the program proves itself, Mr. Parish says, its findings will be made available to health authorities throughout the country. •

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Where Three Wasn't a Crowd

A tripartite parley on international trade problems—participants represented U.S., Japanese and Western European business—proved surprisingly harmonious



Conference delegates at Monte Carlo met in a building between the city's hills and the Mediterranean. In the foreground (from left) are N.E. Halaby, president, The Halaby Corp.; Simon Ramo, vice chairman, TRW, Inc.; John Caldwell, executive secretary, Advisory Council on Japan-U.S. Economic Relations; and Mark Shepherd Jr., president, Texas Instruments, Inc.

MONTÉ CARLO—It's a difficult task getting scores of highly successful, individualistic business leaders from Western Europe, Japan and the United States to reach general agreement on what to do about a set of thorny problems—especially when some of the problems look so different from various national perspectives.

But that task has been accomplished as a result of a series of meetings held in recent months in Washington, Versailles, Tokyo, Brussels and Monte Carlo. The conferences were called in hopes of reaching an international business consensus which could be presented to various home governments.

Sponsors of the meetings include the Japan-U.S. Economic Council, based in Tokyo; the Union of Industries of the European Community, based in Brussels; the Committee of Professional Agricultural Producers of the European Community, also based in Brussels; and the Chamber

of Commerce of the United States and its Advisory Council on Japan-U.S. Economic Relations, based in Washington.

More such gatherings—among the world's top business forums—are expected next year.

The weeklong session in Monte Carlo, held in a conference building overlooking the harbor of this city famed for its casino, formed the centerpiece for the meetings so far.

Here for the first time a Japanese delegation sat down with the Americans and Europeans (the other gatherings were American-European or American-Japanese). Problems were faced head-on.

The American delegation divided into four teams.

A.W. Clausen of San Francisco, president and chief executive officer, Bank of America, headed a world monetary affairs team; Mark Shepherd Jr. of Dallas, president, Texas Instruments, Inc., a trade team; Orville L. Freeman of New York, pres-

ident of Business International Corp. and former Secretary of Agriculture, a team presenting the American view on international investments; and C.W. Robinson of San Francisco, president, Marcona Corp., a team dealing with energy, the environment and natural resources.

The delegates agreed that multilateral trade negotiations starting this autumn in Tokyo must substantially expand world trade, significantly reduce tariffs and eliminate non-tariff barriers on a reciprocal basis.

A trigger phrase in international trade that can cause quick controversy is "reduction of agricultural barriers." Nearly all developed countries shield their agricultural workers and farm products from foreign competition with high tariffs.

Early in the meeting here an effort was made by the Europeans to skip this agricultural issue, but the Americans persisted in bringing it up and there was a full discussion.

Americans noted that foreign

Have



Conferees were relaxed although they were dealing with vital business matters. Many were old friends, such as Orville L. Freeman, president, Business International Corp.; Jean Ray of Belgium, president of the administrative council of the chemical and metal firm, Sofina; and Count René Boël, of Belgium, honorary president of the chemical firm, Solvay.

grains entering the Common Market are discriminated against through variable duties. They also pointed out that American tobacco, which has been going into Europe for hundreds of years, now faces increasingly higher Common Market duties and taxes, and that preferential treatment is given to Turkish and African tobacco. Delegates from Common Market countries in turn pointed to quotas and other restrictions on European dairy products entering the U.S.

Despite the sensitivity of such agricultural problems, the conferees reached a consensus on the need to reduce these and similar barriers on a global, commodity-by-commodity basis.

(The consensus was reached before Washington's decision last month to limit export of soybeans and certain other farm products.)

They opted for an international body, such as the General Agreement on Tariffs and Trade, to supervise an effective safeguard mechanism for world trade. Conferees agreed to cre-

ate a tripartite task force to develop an acceptable safeguard system.

There was the feeling among American delegates that GATT's rules have been stretched by the Common Market so that unfair preferential trade arrangements have been made with Mediterranean basin nations and with African countries which once were colonies of Common Market members.

Nearly unanimous agreement was reached that no nation should use restrictive trade measures to correct adverse balances of payments.

The three delegations agreed that a solution to world monetary problems is necessary for successful trade negotiations. They favored exchange rates that are adjustable—but adjustable only within a narrow band. They also favored increased reliance on Special Drawing Rights (sometimes called "paper gold") rather than on any one national currency—for example, the dollar—as the central monetary reserve asset. It was

recognized that a European monetary union—a development expected in a few years—will be a major element in creating international monetary stability.

All the business leaders agreed that freedom to invest and freedom to trade around the world are inseparable and that reduction of trade barriers is meaningless without freedom and security of investments. Representatives of the three delegations will be named later as a working group to seek an agreement on internationally recognized and effectively applied rules of behavior for foreign investors and for countries in which they invest.

Several times, the Americans urged the Europeans and Japanese to step up their investments in the United States, especially through stock purchases. They pointed to bargains on the market, now that many companies' shares are at their lowest quotes in years. British delegates noted that Britons already are vastly increasing investments in the U.S.

There was little or no disagreement on a need for mutual cooperation to develop solutions to the world-wide problems of pollution, and of energy and natural resources requirements.

American delegates, in addition to the previously mentioned team leaders, included:

George Ball, former Under Secretary of State, now a Lehman Brothers, Inc., senior partner; Ely R. Callaway Jr., former president, Burlington Industries, Inc., now a California wine producer; Archie K. Davis, chairman, Wachovia Bank and Trust Co.; Carl A. Gerstacker, chairman, Dow Chemical Co.; Daniel L. Goldy, president, International Systems & Controls Corp.; N.E. Halaby, president, The Halaby Corp.; George C. McGhee, chairman, Business Council for International Understanding, former Ambassador to West Germany and Turkey; Simon Ramo, vice chairman, TRW, Inc.; A. Byron Reed, president, Munsingwear, Inc.; James M. Roche, former chairman, General Motors Corp.; Melvin E. Sims, chairman and president, Illinois Grain Corp.; and M.P. Venema, chairman, Universal Oil Products Co.

END



This Month's Guest Economist

Carl A. Gerstacker
Chairman
Dow Chemical Co.

Handwritten signature

Making Jobs by Making Profits

American business will need to generate 1.7 million jobs a year through 1980 to keep up with the growth in the nation's population and labor force. That's about 13.5 million jobs in all.

Is it possible? I believe it is, if we work hard at it. We averaged 700,000 new jobs per year in the 1950s and managed to develop 1.3 million new jobs annually in the 1960s. The estimates are that we added some two million new jobs during 1972, although it was an exceptional year in that respect.

The key to the job-generating capacity of business is profits. The simple fact is that when profits climb, jobs climb; when profits decline, jobs decline.

Service industries in this country added 5.4 million new jobs in the five-year period from 1966 to 1971, while manufacturing industries lost about 600,000 jobs. The difference in employment performance is directly related to profits.

The profits of the nation's manufacturers dropped 17 per cent between 1966 and 1971 and employment in the manufacturing industries declined 3 per cent. In the same five-year period, profits in the service industries rose 18 per cent and employment in the service industries also rose 18 per cent.

Profits finance research, open up new markets, provide capital and attract additional investment. Profits make possible the expansion that makes new jobs. We can produce the 13.5 million new jobs required by 1980 only if we have a sustained period of high profits that stimulates creation of jobs.

At one time a firm's profits were

treated much as the owner wished. He might use them to expand the business, or he might simply put them in his own bank account. Today profits are treated in an entirely different way.

They belong to the corporation, not to any individual nor (with increasingly rare exceptions) to any family. They are devoted to a great variety of beneficial uses, such as expansion of the business, payment of a reasonable reward to investors, investment in research, payment of taxes—and the generation of jobs.

The management of a company holds its power in trusteeship, and it can exercise this power only so long as it does so in a socially accepted way. It must seek a healthy balance between various interests—employees, stockholders, customers, suppliers and the public—as well as the governments to which it is subject. The board of directors of a corporation must always operate in this collective interest. Only if it operates in the interest of all is it genuinely discharging its social responsibilities.

In my own company, profits from exports are an important factor in the development of jobs. In 1972, Dow Chemical U.S.A. sold \$265 million worth of its products outside the United States.

Ten years earlier, our exports from American plants were only \$90 million. In contrast, sales within the U.S. grew only 50 per cent as fast as export sales in this period.

Dow's shipments abroad mean about 5,000 jobs to Dow people in the United States. Ten years ago, only about 2,000 Dow jobs were export-related.

Our 150 per cent growth in em-

ployment in this segment of our business has been possible only because we have remained competitive in world markets.

In my opinion, the challenge for Americans will be to improve productivity and increase competitive strength in the manufacturing industries. Somehow the nation must achieve a superior level of efficiency to increase profits and raise the job-generating capacity of business.

Traditionally we have viewed productivity advances as the means for creating more leisure time and reducing the workweek. To be sure, our life style should improve as we're able to realize more from each unit of capital and labor we invest in the American economy.

But improvements in American productivity are also necessary if we are to meet global competition and develop jobs for American workers.

U.S. labor productivity has grown at an average rate of 3.1 per cent during the last 10 years. Most of the productivity increase came in the early 1960s, however.

Even a 3 per cent annual increase in labor productivity does not cover the wage increases that workers got this past year, which were near the guideline level of 5.5 per cent. And it certainly does not cover the challenge of maintaining profitability in worldwide markets.

Americans must work together to increase productivity, raise profitability and generate jobs. No institution is as well qualified to coordinate this effort as the American corporation. Profit-making is the most important function of the corporation because all other accomplishments of business are impossible without it.

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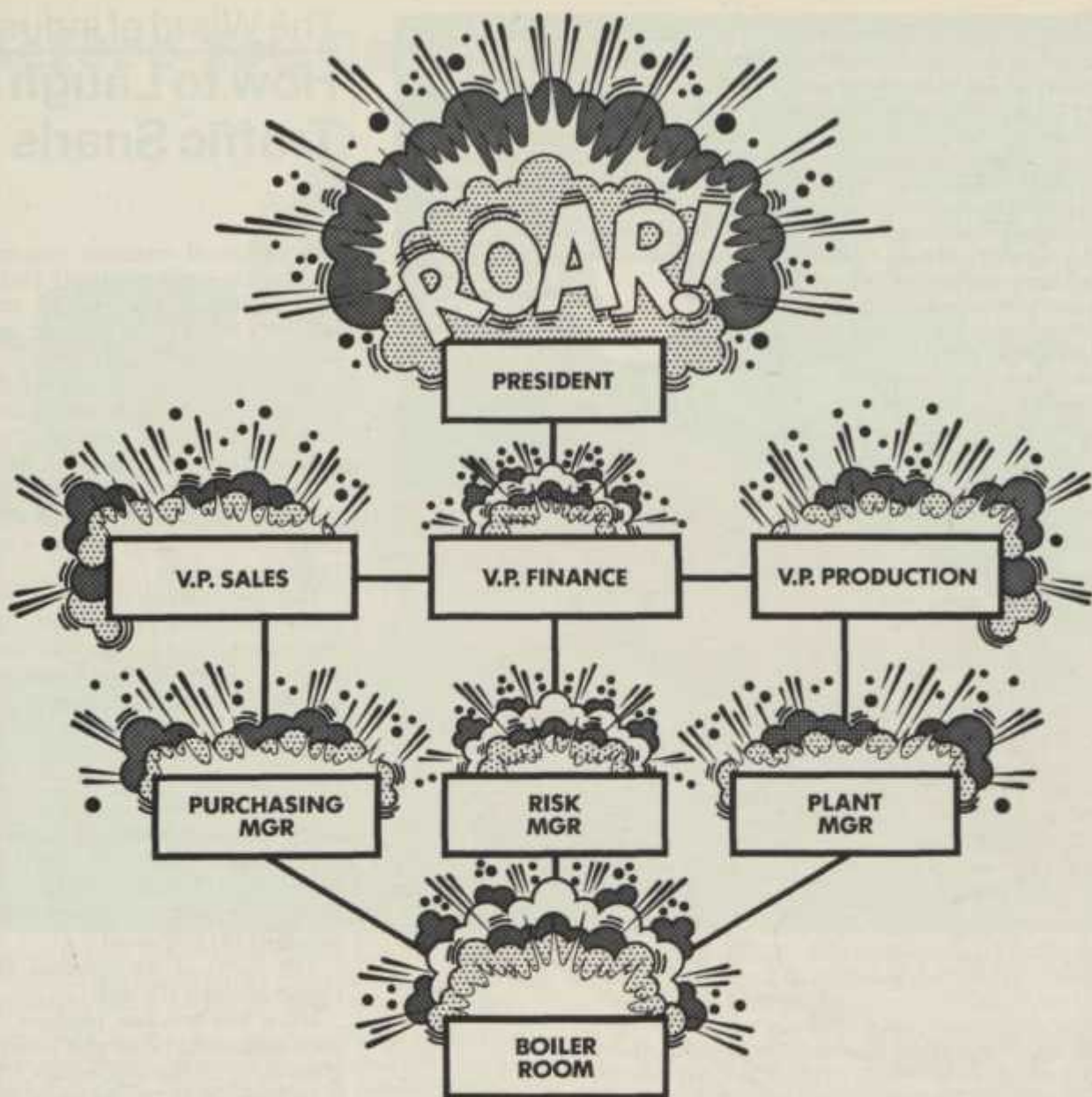
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The World of Industry How to Laugh at Traffic Snarls

A dream of countless commuters has been a small, relatively inexpensive helicopter that would enable them to hurdle the longest traffic snarls.

That dream may be drawing closer to reality, says Gilbert Magill, president of Aerospace General Co., of Odessa, Texas. His firm has what is billed as the world's smallest man-carrying helicopter, designed for Navy use in rescuing airmen downed in enemy territory.

Small enough to fit into a bomb-shaped container, for airdrop by parachute, the Mini-Copter can be assembled quickly without tools. It flies on two rocket engines about as big as a king-size pack of cigarettes that generate the equivalent of 90 horsepower each.

The engines are powered by hydrogen peroxide, which they convert to super-heated steam and oxygen. Released through nozzles at the tip ends of the rotor blades, this gives the helicopter its lift and speed.

Top speed of the one-man Mini-Copter is about 100 mph.

It's a fair weather machine. The rotor assembly, tanks and small engines strap on the pilot's back. There is no fuselage and in the basic model the pilot's legs serve as landing gear (another version has landing skids). To guide the Mini-Copter, the pilot has a single control handle which he pushes in the direction he wants to travel.

Cost of civilian versions is predicted to be in the \$4,000 range.

Mr. Magill, the inventor-designer, believes there is a lucrative market for the Mini-Copter as a personal transportation and recreational vehicle, and for police and fire emergencies, pipeline inspection, etc. •

Building a Better Light Fixture

Producing a more efficient light fixture is one answer to the problem of conserving energy.

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Surviving a military withdrawal

When the Defense Department shocked 40 communities across the nation last spring with its decision to close the local military installations, the community of Roswell, New Mexico, could sympathize.

Seven years earlier, the Strategic Air Command had flown out of Roswell for good, taking with it 27 per cent of the area's payroll, and abandoning mammoth Walker Air Force Base.

It might have been a death blow, had not civic leaders enlisted a total community effort to turn the base into a thriving industrial center.

The turnaround has been a success story with a lesson for all. And you'll read about it here—in the October issue—as *Nation's Business* takes a special look at industrial development.

Industrial Development. Inside *Nation's Business* in October.

The World of Industry *continued*

mington, Calif., reports doing just that. It says it has a new product that diffuses light so effectively that 25 per cent less electrical power is needed to operate fluorescent fixtures to obtain the same amount of light.

Normally, diffusers—the frosted plates in front of the fluorescent tube—reflect light in one direction, usually downward. Radialens, the new product, sends light out in all directions and always at the proper angle for improved contrast and increased visibility, the firm says.

An obvious advantage, it says, is that desks, machinery and work areas can be moved without having to move lighting fixtures.

Existing lighting systems can be revamped by replacing present diffusers or lenses with the all-acrylic Radialenses, which consist of a multitude of prismatic lenses. •

Mining Joins Drilling in the Oil Industry

The oil field roustabout, a familiar part of the petroleum scene, is about to have a counterpart who will most likely be called simply a "miner."

He's the worker who will be bringing the oil shale up from rich deposits in the Far West. According to the National Petroleum Council, the underground room-and-pillar mining method is expected to be used in commercial oil shale operations.

The first appearance of this new category in the nation's industrial worker family will likely be in Colorado and Utah, where many billions of barrels of synthetic crude oil are reported obtainable by heating shale. (The cost per barrel would be significantly higher than for producing oil by conventional means.)

The Council predicts a maximum production rate of 750,000 barrels a day by the end of 1985, but notes that federal leasing policies will influence production because 80 per cent of the in-place oil shale reserves in this bi-state area are on federal lands. •

We're Not Ready to Change From Coinage

While credit cards with magnetic strips may be leading us toward some sort of cashless society, the au-

tomatic vending machine industry has impressive statistics indicating we won't go coinless.

Last year, reports the National Automatic Merchandising Association, customers bought \$6.9 billion worth of goods from coin-operated vending machines—a total double that recorded just eight years ago.

Throughout the nation there are some five million machines in schools, stores, factories, offices, etc., dispensing beverages, foods, tobacco products and other merchandise.

Into those five million silent cashiers clunk more than 65 billion coins each year—about 7.47 million an hour around the clock. Broken down into denominations, this take involves 6.9 billion pennies, 12.3 billion nickels, 35.6 billion dimes and 10.6 billion quarters. •

A Lot of Cash Could Come From Our Trash

For years, ecologists have been tossing around the statistic that the average person generates 5.5 pounds of trash and garbage per day, and have glumly been predicting that in a few decades the continent would be one giant garbage dump.

But it may be only half that bad. According to a study recently completed by the National Center for Resource Recovery, Inc., the figure is probably closer to three pounds per day.

Surveys of 15 cities throughout the nation found that the bulk of solid waste is paper, foodstuffs, yard trimmings, glass and metal. The remainder is made up of wood, plastics, textiles, rubber, leather and other discards.

There is gold in those mounds of refuse. The report places their total value at \$992.5 million, annually.

Broken down, the top items for reclamation and recycling are iron and steel, worth a potential \$133.5 million; tin, \$132 million; glass, \$129.6 million; aluminum, \$126 million; paper, \$65 million; plastics, \$23.1 million; rubber, \$8 million and lead, \$2.4 million.

Mixed garbage and trash that is burnable, if converted into steam, would have an annual value of \$372.6 million, the report says. •

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Easing the Pain of the Energy Pinch

Shaw

Companies are cutting down on the use of fuel and electricity, and shifting from one fuel to another—but they point out there's only so much they can do on their own



American industry is reacting to the energy problem with sharply accelerated conservation measures, heavy outlays for alternate fuel facilities and a growing anxiety that the problem could become bad enough to cause serious economic dislocations.

Many executives see a need for a better balance between energy requirements and environmental considerations, urging such steps as expanded offshore exploration for oil, greater use of the nation's abundant coal supplies and faster clearance for nuclear power installations.

Those are the principal findings of a NATION'S BUSINESS survey of major companies to determine how they are faring on the energy front.

While most companies report that actual production is not hurting at the moment, there have been some instances of cutbacks.

There's alarm in the outlook of some industries, particularly transportation. Several companies in that

field cite a joint position paper in which national organizations representing air, truck, bus, rail and water transportation recently declared:

"It has become apparent that adequate supplies of . . . fuels will not be available in sufficient quantity to meet the demands of the public for transportation services in the near future. As we understand the situation, little relief will be possible over the next several years. . . . Any significant reduction in the public carrier services will create major economic dislocations and endanger our national security."

National Cash Register Co. reports it has been unable to contract for a million gallons of fuel oil to supplement its natural gas supply at its headquarters plant in Dayton, Ohio. (The company, like many others, gets natural gas under an "interruptible" agreement that allows the supplier to reduce or suspend service when its own supplies run short.)

Without adequate oil supplies, NCR says, "any period of extended severe weather this winter could bring production at our Dayton plant to a halt."

John J. Hangen, vice president for corporate affairs, says relatively mild weather last winter—coupled with conservation—avoided any shut-downs then.

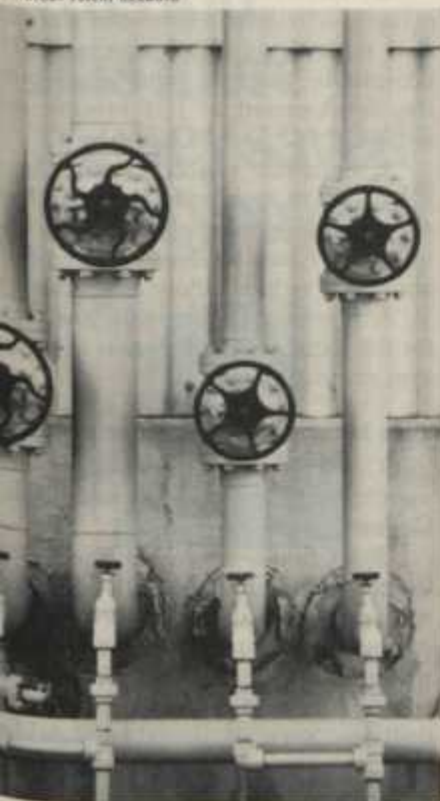
Conservation programs are mentioned by nearly all the 50 companies surveyed, with some tracing theirs back to the first indications of a developing energy problem and others even beyond that.

A "park" like a city

An outstanding example is at Kodak Park, the biggest manufacturing facility of Eastman Kodak Co. The Rochester, N.Y., "park" is as large as some cities: 175 buildings, 20 miles of streets, 15,000 telephones, its own electric generating units, a plant for treating 32 million gallons of water

Mag. sent
8-2-73

PHOTO: BOICHI UKAWOTO



To keep power and fuel flowing, businessmen say, there must be a change in some governmental policies and attitudes.

drawn daily from Lake Ontario and a workday population of 26,000.

Attention was given to such details as using fewer lights in storage areas and in work areas near windows, passageways and corridors; shutting off air-conditioning in nonworking hours; and rescheduling operations to lessen peak power loads. Those steps have produced savings of \$500,000 since 1970. In addition, the company has been able to defer \$1.5 million in expenditures for new facilities for generating power, and for treating water, which also is covered by the conservation program.

Kaiser Aluminum and Chemical Corp. reports its conservation efforts include limits on steam usage so less oil and natural gas are needed, close attention to equipment to prevent fuel leaks or heat loss, and turning off lights and other electrical equipment when not in use.

The energy crunch facing industry in general is compounded for those

companies, like Kaiser, with plants in the Northwest, where low rainfall levels have caused reductions of up to 50 per cent in interruptible service from the Bonneville Power Authority's hydroelectric operations.

Du Pont and Dow are among companies expressing worry over shortages of fuels for the petrochemical industry.

David H. Dawson, a senior vice president of Du Pont, comments:

"Gas and oil are more than just fuels to the petrochemical industry. They also are raw materials, the hydrocarbon building blocks from which plastics, man-made fibers, lubricants, synthetic rubbers and hundreds of other products are made."

While petrochemical feedstocks account for only 5 per cent of the national petroleum production, "that 5 per cent is the lifeblood for a \$20-billion industry employing 300,000 people," he says. "Failure to protect the availability of these raw materials would have tremendous impact."

Mr. Dawson adds that, based on in-house energy conservation and Du Pont's experience with energy management consulting services it offers to other companies, "we have concluded that a significant conservation effort at an industrial plant will, on the average, result in a 15 per cent reduction in the plant's total energy usage."

That, he adds, indicates a potential saving equal to 1.5 million barrels of oil a day (there are 42 gallons to a barrel) throughout American industry.

J.M. Leathers, Dow Chemical vice president of U.S. operations, reports his company is concerned that the fast-growing use of propane and ethane as supplemental or standby fuels

"threatens to severely curtail needed petrochemicals production."

He says the nation's energy shortages have been intensified by price controls that encouraged export of fuels and petrochemicals to countries where they could command higher prices.

Bethlehem Steel Corp. is challenging Interior Department proposals for energy allocations, because allocations for the steel industry would be based on consumption from Oct. 1, 1971, to Sept. 30, 1972—when there was "a low rate of operation in the industry."

Allocations based on that period "would be totally inadequate to meet fuel requirements for the rate of operation we are now experiencing," Bethlehem says.

Unemployment feared

Urging that steel industry fuel requirements be placed at the top of the priority list, the company says:

"If the supply of fuel oil and refinery products is reduced, the steel-making process would immediately be curtailed and this would cause significant unemployment, creating at the same time a chain effect in the supply of basic steel throughout the entire economy."

Litton Industries is among many companies reporting use of propane gas to supplement lagging supplies of natural gas.

Arnold R. Kaufman, a senior vice president, says the switch to propane has been expensive for Litton in two ways: It required building of storage facilities, and the price of propane is much higher than that of natural gas.

Litton's Amecom division in Maryland, which produces electronic information-gathering devices, has experi-

Easing the Pain of the Energy Pinch *continued*

enced voltage drops—on hot days when air-conditioners send power demand soaring—that affect test equipment and the environmental conditions necessary to evaluate product performance, the company reports.

Rockwell International Corp., which has a total annual energy bill of \$20 million in this country and Canada, began urging its managers a year ago to conserve energy and is now engaged in an intense survey of its power needs preliminary to drafting a corporation-wide conservation program.

Rockwell also is setting up storage facilities for alternate fuels, such as propane.

3M Co. estimates it saved several thousand dollars during the past year through various conservation programs.

The company says that shortages of petroleum-based raw materials could be "much more serious in curtailing our operations than the fuel shortages."

"We don't know yet just how serious our fuel shortages will be during the coming winter," 3M reports.

Many Burlington Industries plants are increasing reserve supplies of propane gas and fuel oil in anticipation of a natural gas pinch.

"Natural gas suppliers have advised the company that they will attempt to provide the same amount of fuel as last year, but can give no assurance," Burlington says. "They have also advised that industrial plants are likely to face more frequent curtailments of service during the 1973-74 winter season."

Calls for action

Executives of the various companies were asked to tell what they would like to see done by government and the private sector to ease and finally solve the energy problem.

Their answers were as varied as the products and services their companies sell. Here's a rundown on some of them:

V.L. Petersen, vice president, materials management, The Goodyear Tire & Rubber Co.: "It is essential that the government and the private sector give the same attention and priority to the needs of the petrochemical industry that they are de-

voting to the gasoline shortage. Gasoline supplies might be of secondary importance if industry cannot produce cars to ride in or rubber to ride on."

Thomas A. Dunlap, director, plant engineering office, Ford Motor Co.: "We would like to see the government adopt a crash program to convert coal to gas and encourage development of probable and possible natural gas reserves in the U.S., including Alaska, by freeing the marketplace as much as possible."

Willard F. Rockwell Jr., chairman and chief executive officer, Rockwell International: "In the 2,000-foot-thick oil shale deposits rising from the Colorado River, there are 1.8 trillion barrels of oil—six times the 300 billion barrels of crude petroleum in the Middle East reserves. President Nixon's recent proposal for a multibillion-dollar research effort to extract oil and gas from that shale is an excellent demonstration of national determination."

Joseph T. Bailey, chairman, president and chief executive officer, The Warner & Swasey Co.: "It seems to me that government must face up now to striking a balance between environmental purity and the country's economic well-being."

John W. Simpson, president, Westinghouse Power Systems Co.: "A shift to a nuclear electric economy is the only conceivable way this country can guarantee that plentiful supplies of energy will be available through the end of the century. There are simply no other options available to us."

Burnell A. Gustafson, Litton vice president and head of its machine tool systems group: "The government should make a comprehensive and objective study of just what are the energy crisis' causes, effects, problems and solutions, and then should institute a program that will effect a reasonable balance between national economic needs and ecology."

Mr. Dawson of Du Pont: "The problem requires a two-pronged attack. We need to increase the supply of energy sources and we must find practical ways to abate our tremendous demands for energy and to use our resources more effectively."

Aluminum Co. of America:

"1. Accelerate research and development activities to mine and use our coal reserves in an environmentally acceptable manner; and accelerate the development of fast breeder reactors.

"2. Establish rational sulfur dioxide emission standards for using fossil fuels in power plants until the technology can be developed to economically reduce [those emissions].

"3. Develop cost-benefit analyses for the incremental increases in emission standards."

The long and the short of it

J.C. Paterson, vice president, research, engineering and development, Ryder System Inc.:

"Short range, we would like to see the government take whatever steps are necessary to meet the crisis. Possible actions are legislation which will encourage an increase in present refinery capacities; reopen offshore drillings; open all available oil fields, including the construction of the Alaskan pipeline; develop deepwater ports to provide for economic imports; establish foreign policies which would encourage closer relationships with foreign oil-producing nations.

"Long range, government policy should provide for additional domestic refineries, increased domestic crude exploration, research into oil shale processing, and increased research and development effort into supplemental sources of energy for all petroleum users."

Robert Cammack, manager, plant services, East Pittsburgh divisions, Westinghouse Electric Corp.: "Political restrictions must be lifted on installation of nuclear plants, and emotional concerns must be set aside."

And responsibility for easing the energy shortage can go right down to the individual worker, Mr. Cammack says: "Each employee can appoint himself a personal watchman for utility waste. He can close windows and doors, report leaks and generally operate equipment in such a manner as to save on gas, steam, air and electric power."

Noting the crucial effect a severe winter could have on energy supplies, Mr. Cammack has one other suggestion: "Don't forget to pray for warm weather."

END

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BUSINESS

A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

AGRICULTURE

There must be a lot of singing on the range these days by sheep ranchers. They find their wool is a hot commodity.

For the first time since 1955, when an incentive price of 72 cents a pound was established for wool, it looks like the government might not be making much, if any, subsidy payments this year.

Experts note that the wool market this year is the best since the Korean War, with prices comfortably above the support level. Though they're down from the 97-cents-a-pound level they reached in March, and there is speculation that they may decline further in the

fall and winter, overall they should still be well above last year's average price of 35 cents a pound.

Government payments to wool and mohair producers averaged \$74 million annually from 1967 through 1971. In 1971, the high year, payments were \$113 million, dropping to \$66 million last year.

Reduced commercial stocks of wool, lower prospective output, and improved consumer demand for wool textiles have spurred the price increases.

World wool prices, affected by the same factors, are expected to continue high.

CONSTRUCTION

Many a community in the future may have an all-in-one utility, some planners believe.

The National Aeronautics and Space Administration is now developing a laboratory model of a "modular integrated utility system" for the Department of Housing and Urban Development. The goal is a combined

source of electrical power, water management, solid waste treatment and heating, with each element interacting.

Waste heat from electrical power generation, for example, may be used for heating and air-conditioning, and organic wastes could be converted into fuel for heating.

CREDIT AND FINANCE

Expansion of more bank holding companies into the insurance field is meeting vigorous opposition from independent insurance men.

The 36,000-agency National Association of Insurance Agents is concentrating its attention on insurance application hearings being held this summer in seven areas by Federal Reserve banks.

Letting additional bank holding companies enter the insurance selling field, NAIA says, would limit the free choice of the consumer; create unfair competition for the individual agent because of the "implicit coercive power

of the lending institutions"; and lead to undue concentration of economic power.

Amendments tacked on in 1970 to the Bank Holding Company Act permit bank holding companies to engage in any activity "closely related" to banking, with the interpretation of the law left to the Federal Reserve Board.

NAIA contends the holding companies should be engaged solely in banking, and "not operating in unrelated activities in competition with countless small businesses throughout the country."

FOREIGN TRADE

Our favorable trade balance in chemicals will "diminish steadily" in future years, the American Chemical Society predicts, as members of the European Economic Community take a bigger and bigger share of the world chemical market.

In the past decade, the U.S. share of the market has dropped nearly 10 per cent.

Statistics compiled by the Society show that while U.S. chemical exports posted a

7.8 per cent gain in 1972, imports increased 25 per cent. Though our chemical industry provided a favorable \$2.1 billion trade balance for 1972, it was the third year running that the balance declined as chemical imports continued to climb.

Sales of U.S. chemical companies last year were up 13 per cent over 1971 and earnings were up 24 per cent, due in great part to a 9 per cent gain in productivity.

HUMAN RESOURCES

Today's job market is the best in years for new college graduates. But the memory of what it was during the past recession may help dispel the notion that all should aspire to a college degree.

Dr. William F. Pierce, deputy commissioner for occupational and adult education in the Department of Health, Education and Welfare's Office of Education, calls it the "cre-

dential syndrome." College degrees are not as essential to employment as they once were believed to be, he says. Only 20 per cent of all jobs in the marketplace now require a degree, HEW statistics show.

With some 800,000 students dropping out of college each year, Dr. Pierce says, more focus must be placed on career education at the high school level.

MANUFACTURING

Phosphine, which has the (whew!) aroma of garlic, may be transformed from an ugly duckling to a golden goose.

Formerly, this odorous by-product of chemical manufacturing has been disposed of by burning, but American Cyanamid Co. has developed derivatives of the highly flammable gas that have good potential as flame retardants.

After 10 years of research, the firm is now purposely producing the gas and finding other uses for derivatives, including as metal extraction agents, corrosion inhibitors, plant growth regulators and oil additives.

American Cyanamid says the flame retardant field holds the greatest interest for it now because it believes U.S. clothing manufacturers will do most of their buying from firms that offer nonflammable fibers.

This apparel market is estimated at four billion pounds of fibers annually—about 40 per cent of all domestic fiber consumption.

"We are just scratching the surface," says Dr. J.J. Leavitt, Cyanamid's development coordinator for phosphine. As a plant growth regulator, for example, a phosphine derivative will allow farmers to make their crops grow taller or shorter, faster or slower.

MARKETING

Contrary to some predictions made in the past, discount stores aren't grinding up the competition, and probably won't unless shopping habits take a dramatic turn.

The third Mass Retailing Institute-Du Pont Study of buying habits concludes that traditional retailers are stiff competition for the discounters. Included in this category are department and private label general merchandise stores, and specialty and drug chain stores.

The survey found, for example, that—for

the shoppers queried—traditional department stores were the most frequent sources of apparel and accessories, followed by specialty shops and private label general merchandisers.

Discount stores came in fourth.

The study was confined to four trading areas and the surveyors warn that the picture could be entirely different in markets where discounters are well located and aggressive, and do their merchandising in ways that are more attractive to shoppers.

NATURAL RESOURCES

Longer lasting paper, especially needed because of the growing emphasis on machine processing of documents, could help conserve dwindling forest resources.

In a continuing effort to develop more durable pulp-based paper, scientists usually focus most of their attention on the fibers that go into the product. But Dr. Edmond L. Graminski, a materials scientist at the National Bureau of Standards, says they should look also at what's between the fibers.

Using scanning electron photomicrog-

raphy, he's found that deterioration is due in part to the way paper is traditionally made.

When pulp is processed mechanically, a filmlike material is created in addition to the paper fibers. This material spans the area between the fibers and decreases their ability to twist when the paper is strained.

By modifying this matrix, Dr. Graminski believes, entirely new paper products and new uses of paperlike materials can be developed. Also, he says, simplified and less costly ways of making paper may be possible.

TRANSPORTATION

Dealt a hefty monetary blow by the big floods on U.S. rivers this spring, waterways carriers could only tie up and sweat it out.

But they don't plan to sit idly by and take no action against what they feel is the newest threat to their business—the final report of the National Water Commission.

Massive opposition to the report, which was submitted to Congress and the President in June, is expected from the carriers.

Among other things, it calls for imposition

of water user charges on domestic carriers through collection of fuel taxes and lockage fees, and a requirement that immediate and direct beneficiaries pay for water resources projects.

The American Waterways Operators, Inc., protests that "a more intricate plan for dismantling and bringing to a halt the development of water resources projects and inland water transportation could not have been devised."

Editorial

Now, the Good News

With so many people talking about what's wrong with our system, it's nice to come across evidence of what's good about it.

The Census Bureau reports that the number of poor people in our country declined again last year—to 24.5 million.

That may sound like a lot, of course. But it compares with more than 38 million 10 years ago. At that time, the poverty line for a family of four was \$3,000. Now it's \$4,275. And the population has grown 12 million.

We all wish there were no poor, but where else could so many have made so much progress?

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